Daily Report

Latin America

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FBIS-LAT-95-107 *5 June 1995*

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Report Shows Salvadoran Economy Strongest in Region

PA0406194795 San Salvador DIARIO LATINO in Spanish 2 Jun 95 p 8

[FBIS Translated Text] The most recent report issued by the Central American Monetary Council has noted that the Salvadoran economy is the strongest in Central America, the Central Reserve Bank (BCR) has revealed.

According to the document, in 1994 El Salvador achieved the highest economic growth rate in the region, 6 percent, followed by Costa Rica's 4.5 percent. The source added that El Salvador was the only country that registered single-digit inflation that same year.

According to the report, inflation reportedly dropped to 8.9 percent, which would make it the region's lowest, and although this figure seems to be an encouraging development, it contrasts with the economic crisis facing the poor.

The report also said the Salvadoran economy maintained the most balanced current account in its balance of payments (0.2 percent compared to 5 percent and higher in other countries in the region).

It also stated that El Salvador reduced the deficit of its nonfinancial public sector to 0.6 percent of GDP in 1994 and also registered the highest increase in international reserves in the region, $143 million. The BCR advocated maintaining the current economic policy, because "it has produced significant stability and growth, but we need to ensure a continuity of the economic policy in order to consolidate stability."

In the opinion of social organizations, however, the government's economic measures, specifically the announcement of an increase in the value-added tax (VAT), have created social tension.

The BCR also welcomed the controversial San Andres Pact, claiming it is in keeping with the need "that all Salvadorans make an effort" to "establish a national vision" to achieve greater economic development.

Only two parties have endorsed the pact — ARENA [Nationalist Republican Alliance] (the ruling party) and the Democratic Party (PD, now being formed). The opposition refused to sign the pact in San Andres, claiming it is solely intended to give unconditional support to the government's policies and, more specifically, to support the VAT increase.

Nuclear Fuel Tandem Cycle With Brazil Viewed

Buenos Aires CIENCIA HOY in Spanish Vol. 5 No. 28 95 pp 59-62

[Article by Clara Belaunzaran and by Osvaldo Cristallini and Domingo Quilici "from the Argentine National Commission for Atomic Energy, CNEA": "Nuclear Fuel Tandem Cycle, Possible Nuclear Energy Integration with Brazil"]

[FBIS Translated Text] Economic cooperation with Brazil could pave the way for integration in the energy sector that would save uranium and reduce the environmental impact of nuclear power plants. Argentina and Brazil may combine their nuclear power plants fuel cycles to obtain mutual economic and technical benefit and — even more important — reduce the environmental impact of nuclear energy production.

It is well-known that modern society is hungry for electrical energy to the point that industrialized countries have doubled their consumption every 10 years. Electrical energy is generated from various sources, but in every case there is an environmental impact.

The burning of fossil fuels — like gas, oil, and coal — releases carbon oxides, nitrogen, and sulfur into the atmosphere. The latter two are the main cause of smog in large cities and of acid rain that harms vegetation, threatens forests, and jeopardizes river and lake fish, and mollusks. The accumulation of carbon dioxide in the atmosphere has worsened the so-called greenhouse effect. Should this continue, it could lead to severe climatic changes. More alarming forecasts claim that halfway through the next century, mean temperatures will increase by five degrees Celsius. As a result, polar icecaps would melt producing many, possibly adverse, consequences for the environment and some human settlements.

Hydroelectric dams produce significant changes in the environment and the living conditions of human settlements in their catchment areas. That is the case, among many others, of the Aswan Dam — which collects the silt that was used to fertilize the valley and delta of the Nile River. Another example is the Yacyreta hydroelectric dam — which could be to blame for the spread of schistosomiasis in northeastern Argentina.

The environmental impact of nuclear power plants revolves around the radioactive waste produced at the start and end of the fuel cycle. At the start, because mining process leave large quantities of low-radioactivity uranium ore: and at the end, because once the fuel is spent it leaves a smaller but highly radioactive quantity of waste. The Nuclear Fuel Technological Office of the CNEA and the Brazilian Institute for

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Nuclear and Energy Research [IPEN] are carrying out preliminary studies to combine Brazilian and Argentine nuclear systems. The objective is to help make better use of the fuel cycle and to significantly reduce nuclear waste.

A Bit About Reactors

The first commercial nuclear power plant went into operation barely 37 years ago. Today, almost 400 nuclear power plants all over the world generate a significant portion of the electricity used in 40 countries. In some countries like France and Belgium, more than half the electric energy is produced by nuclear reactors.

Reactors, just like conventional power plants, use fuel to produce thermal energy which is later transformed into electric power. The key difference is that nuclear reactor fuel does not undergo a chemical, but a nuclear chain reaction: it does not burn, it fissions. Nature supplies only one easily fissionable substance capable of maintaining a chain reaction: mass uranium 235, also known as U235. Small quantities of U235 can be found in natural uranium, of which it is an isotope.

When a neutron collides with a U235 nucleus, the latter becomes so unstable that it fissions into two fragments and releases two or three neutrons and a large amount of energy. If just one of the released neutrons causes another fission, a chain reaction starts. The chain reaction is caused by slow neutrons, thus, the fuel in nuclear reactors is surrounded by some kind of moderating material which slows down the high-energy neutrons released through the fission of U235. If the moderating material is light water, the neutrons are slowed down through collision with hydrogen nuclei; if the moderating material is heavy water, the neutrons are slowed down because they collide with deuterium nuclei.

There are two kinds of nuclear reactors:

a) Ones fueled by natural uranium which contains 0.7 percent of U235, and moderated by heavy water (Heavy Water Reactors, HWR) [words in parenthesis given in English]

b) Ones fueled by enriched uranium — which contains up to 3.5 percent of U235 — and moderated by light water (Light Water Reactors, LWR) [words in parenthesis given in English]. Argentina and Canada have HWR's while most other countries, including Brazil, have LWR's.

Whatever nuclear fuel used, it is spent after a while, at least as far as the reactor in question is concerned, and the depleted fuel must be stored awaiting a final destination. Spent nuclear fuels contain residual fissionable materials, highly radioactive fission by-products, and Plutonium 239, also known as Pu239, which is an excellent fission material.

The fuel cycle of nuclear power plants starts with uranium mining and ends with the disposal of the resulting nuclear waste. Half the operating nuclear power plants, Brazilian and Argentine included, use the so-called open cycle — in which spent fuel is regarded as waste and is stored awaiting final disposal. The others reprocess spent fuel, separating any remaining uranium — which goes back into the reactor — from plutonium (which is either stored or returned to the reactor), and radioactive fission by-products which are treated as waste.

The feasibility of advanced cycles is being currently studied to improve yield, reduce costs, cut radioactive waste, and curb uranium consumption. The idea is to implement in the HWR's the so-called ULE, slightly enriched uranium [uranio ligeramente enriquecido] cycle, for which natural uranium is substituted by uranium enriched to no more than 1.2 percent of U235 (see Carla Notari's "Slightly Enriched Uranium: new fuel for HWR's?" CIENCIA HOY, 22;6-9)

The Tandem Cycle

The concept of this advanced cycle is based on the integration of the two nuclear systems, HWR and LWR, which seeks greater benefits than either system on its own. South Korea, which has both types of reactors but no uranium ore deposits, studied with Canada the nuclear fuel tandem cycle but did not enact it for political reasons. In this particular case the reactors belonged to the same country. The tandem cycle could, however, be applied to reactors in two or more different countries — as would be the case of Brazil and Argentina, which use LWR's and HWR's respectively.

To grasp the concept of the tandem cycle one should bear in mind that LWR fuel is considered spent although it still contains 1.5 percent fissionable material (0.5 percent Pu239, and 1 percent U235). To reuse this fuel in the same reactor, it would have to be reprocessed to return it to its initial level of fissionable material. It is possible, however, to use this spent fuel without so much reprocessing in a HWR. In Argentina spent reactor fuel contains only 0.2 percent U235 and 0.28 percent Pu239 — that is, a total of 0.48 percent of fissionable material. Meanwhile Brazil is storing radioactive waste which has a much higher fissionable content.

Thus, the tandem cycle would allow an Argentine HWR to use the uranium and plutonium contained in the spent fuel from a Brazilian LWR reactor. It would not be necessary to separate the uranium from the plutonium,

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or to isolate other fission by-products as in the case of spent fuel reprocessing for use in a LWR. It would suffice to separate the uranium-plutonium mix from the other by-products. From the Brazilian viewpoint, this cycle would dispose of most of the spent fuel. Even if the residue from the separation process were to stay in Brazil, 96 percent of the spent fuel would leave the country because that is the percentage of uranium and plutonium that would be used in Argentine reactors. For Argentina, the tandem cycle would provide a new source of uranium fuel, which would help to save reserves and there would be less radioactive waste (because the generation of the same amount of electric energy would produce only one third of highly-radioactive waste it currently does).

It is estimated that the uranium and plutonium contained in the waste from Brazilian nuclear power plants would enable the Embalse Nuclear Power Plant to save during its remaining 15 years of useful life, 1,300 metric tons of natural uranium; that is, 10 percent of Argentina's reserves of uranium ore. This, in turn, would prevent the processing of about 15 million metric tons of low-radioactivity solid mining waste, and 1 million tons of depleted uranium ore.

The above analysis opens what appears to be a promising path. Argentine and Brazilian working groups have already made some preliminary studies of the conditions that a combined binational nuclear fuel cycle would have to meet. At the same time, growing environmental awareness makes an energy project with less environmental impact undoubtedly attractive.

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Cuba

Article Views Ultrarightist Activity in U.S.

PA0406172795 Havana PRENSA LATINA in Spanish 0051 GMT 3 Jun 95

[Article by Miguel F. Roa for PRENSA LATINA: "U.S. Contract With the Ultraright"]

[FBIS Translated Text] Havana — Republicans vehemently deny it, but it is evident that the ultrarightist rhetoric currently in vogue in the United States is helping to foster a climate favorable to terrorist actions such as the one in Oklahoma City.

The harangues by this party's fundamentalists against the federal government, taxes, abortion, gun control, and welfare are at least welcomed with glee by the leaders of U.S. ultraconservatism.

This label covers prominent Republican Party figures, as well as the fanatical supporters of the Christian Coalition, and the tens of paramilitary militias that hope to create, by force if necessary, an almighty United States for only the rich and the white.

For several decades, recalcitrant Republicans, jingoist agitators with radio and television airtime, clergymen much closer to Torquemada than to Christ, and ultrarightists of every kind have waged an all-out war on federal authorities.

The causes of their common hatred only vary in form, because essentially they are the same.

For Republicans who pine for Andrew Jackson and Jefferson Davis, the central government (especially now that it is in the hands of the Democrats) levels excessive taxes on contributors and squanders its money on costly Social Security and foreign aid programs.

They oppose controls on firearms with equal vehemence and defend the right of U.S. citizens to own them. It is not simply coincidental that the National Rifle Association (NRA) has always leaned toward Republican candidates and contributed generously to the campaigns of that party's more conservative figures.

Many of the ultraright pastors use radio and television programs and, in general, oppose sex education, abortion, and the use contraceptives.

They demand school prayers and even religious censorship of books, movies, theater, television, and every artistic or academic expression.

Their ideal would be a small community, in a type of return to colonial beginnings, "when people were closer to God," Indians were exterminated, and blacks were enslaved. For some, such as Norman Olson, a Baptist preacher and owner of a firearms store, proximity to God requires a very unique interpretation.

Until late April, Olson led a paramilitary group — namely, the regional militia in the northern state of Michigan — that sought to "make the Federal Government see the light."

"An armed rebellion is inevitable if the spirit of the country does not change," Olson said, according to the British magazine THE ECONOMIST, which reports that the armed preacher said he "understands the anger" of the perpetrators of the Oklahoma attack, which, it is worth noting, killed 168 people and injured more than 400.

Although it may seem crazy, the concern of Oslon and his militia, as well as that of other paramilitary groups, is a very serious matter: They are convinced there is a conspiracy led by the United Nations to wipe out the United States and, in turn, give rise to a world government that is communist in nature.

Ultraconservative radio and television commentators, who as a rule are fervent Republicans, confirm such fears with inflamed and apocalyptical oratory, as if they were on the verge of Judgment Day.

Their antifederal militancy is more rabid in daily practice, however. Their preaching is often accompanied by advice to listeners on the best way to get rid of agents of the central government.

For instance, Gordon Liddy, convicted in the Watergate scandal, taught on his regularly radio talk show, which reportedly has an audience of 10 million listeners, how to kill Bureau of Alcohol, Tobacco, and Firearms agents "in self-defense."

What was Liddy's advice to his fanatical audience? "Shoot him in the head, in the head," to avoid the bullet-proof vest and ensure he is eliminated.

The danger of such subversive expressions is that they have already moved beyond the bounds of simple doomsday rhetoric. Now, with the nationwide proliferation of paramilitary militias that regard Washington as an enemy, efforts to vanquish Washington have taken a deadly qualitative leap.

Today, those who are threatening federal institutions are armed — often very well armed — and, as the Oklahoma bombing revealed, are willing to put their thoughts into action.

Some in the United States think that what happened in Oklahoma City may not be an isolated event THE LOS ANGELES TIMES said these "white supremacist

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militias" have influence in 47 states and "own a powerful arsenal to fight their imaginary enemy."

What is even more troubling is that Thomas Metzer, a Klu Klux Klan grand dragon and someone who could be well-informed, stated just one week after the brutal attack in Oklahoma that there would be many more operations like it.

Metzer, leader of the White Arian Resistence (WAR) militia, did not rule out the use in future attacks of biological and chemical weapons that government opponents may steal from warehouses and use "to destroy everything and create a true apocalypse."

The Blue Ridge Hunting Club Militias constitute a typical case of delirium and paranoia. This group has predicted the storming of weapons warehouses to enable it to put up resistance in the face of a future "federal tyranny" and has prepared a detailed plan to destroy airports, communications centers, and fuel depots, without overlooking "human objectives."

This group makes accusations as outlandish as saying that the federal government "is building detention centers throughout the country and stockpiling fuel for Russian military vehicles to transport UN troops if they are called upon to maintain peace in the United States."

To the (Extreme) Right of God the Father

Those we could describe as paramilitary aberrations in the tactical field have their theoretical-spiritual equivalent in ultraright clergymen. First, there is the so-called Christian Coalition that claims to have 1.6 million activists, an annual budget of $25 million, and access to 60,000 churches in the United States.

TIME magazine notes that all Republican presidential hopefuls seek the advice of Ralph Reed, the coalition's executive director, who in addition to enthusiastically supporting, with $1 million, the Contract With America being promoted in Congress by the Republicans, has stated that the time has come to sign a "Contract With the Family," and we already know what that means.

"Without the Christian right's backing, no Republican can win the nomination or the elections," TIME quotes William Lacy as saying. He is the main strategist of Senator Bob Dole in his campaign for the presidency. Therefore, the majority leader has recently modified his "moderate" language to bring it more in step with Reed's.

Dole, the top Republican contender, as well as his rivals for the nomination, are aware of the Christian Coalition's great influence in their party. CAMPAIGNS AND ELECTIONS magazine disclosed recently that this organization controls the Republican leadership structures in 18 states and exerts great control over 13 others.

Moreover, as last November's congressional elections showed, its support was decisive in the Republican victory. At least half of the 52 new representatives and nine senators respond to the interests of that coalition.

Its leaders now want those in control of the Congress to pay up. Senators and representatives get messages via fax, electronic mail, and letters reminding them of their commitments: legislate against abortion, cut the budget without reducing military spending, lower taxes, revamp the federal structures, oppose the anticrime law, eliminate aid to unwed mothers, and so on.

In all fairness, Republicans are paying back their debts. Let us take a look at their actions since taking control of Congress in January of this year.

To begin with, House Speaker Newt Gingrich's Contract With America is a major step forward on the path of U.S. ultrarightist demands.

The Senate has just cut by $16.4 billion from the budget approved by the previous legislature for President Bill Clinton's social benefit plans.

The two chambers are drafting a bill that dismantles federal agencies, cancels social assistance plans, lowers foreign aid to a minimum, and allows the rich to increase their earnings by cutting taxes.

The Senate has already rejected some aspects of the antiterrorist bill President Clinton submitted in the wake of the Oklahoma City bombing, and the House is getting ready to do the same. Also, we should not forget that Republican senators and representatives are getting ready to amend some articles that bother the NRA.

Jesse Helms, chairman of the Foreign Affairs Committee, (friend of the coalition's "father"), raves and makes proposals against the U.S. policy of rapprochement with China, Vietnam, and the DPRK, and tries to place conditions on aid to Russia and other former socialist countries.

Helms and Republican Representative Daniel Burton are the sponsors of two bills to stiffen the U.S. blockade on Cuba. How can one allow a socialist government that aggravates the sensibility and pride of Republican ultrarightists, fundamentalist Christians, and crazed paramilitary supporters to exist 145 km from the United States?

In terms of the legality of it all, every last one of them thinks things are moving along fine but have to go further.

Republicans of different leanings want to maintain control of the Congress and win the presidency in

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next year's elections and the elections after that. The Christian Coalition and other like-minded people hope to take over the Republican Party, because it is better to lead than to simply have influence.

Also, if the above-mentioned assumptions fail, what could happen? One possible answer is that, by dint of some new contract with the ultrarightists, the paramilitary militias could think their time has come.

We must keep in mind the enlightened bellowing of the grand dragon and act accordingly.

U.S. Studies Center Director Views Helms-Burton Bill

PA0406215495 Havana Radio Havana Cuba in Spanish 0000 GMT 4 June 95

[Report by Barbara Bethancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] While public hearings were held in Cuba so most Cubans could learn the details of the new anti-Cuban monstrosity that U.S. lawmakers plan to approve, few people in the United States and other countries are fully knowledgeable of how the Helms-Burton Bill, named after its main sponsors, is progressing. In Havana, Professor Esteban Morales, director of the Center for U.S. Studies of the University of Havana, offers an answer to the question:

[Begin Morales recording] We must say that after Senator Jesse Helms tried to submit the bill in late February to the Senate as part of a ploy, as a maneuver, at the time when the defense spending bill was being debated, it was rejected because of a procedural problem, but the debates began recently in May.

The bill has been debated at the Western Hemispheric Affairs subcommittee of the House of Representatives and the Senate's Latin American Subcommittee [as heard]. The bill must then be debated in the House of Representatives and the Senate. A conference committee must be set up to reconcile the different texts of the bill, and later we understand that, approved or not, the bill will be forwarded to the President. I mean, if the bill is not approved, it is not sent to the President. If Congress passes the bill, it goes on to the President, who decides whether to veto or sign it. But the plans are to conclude this process before the summer recess. [end recording]

The Cuban scholar believes that the Helms-Burton Bill has significantly strained the political climate in the United States. While it constitutes an attack on Cuba, it also tries to limit the prerogatives of the U.S. President regarding his policy toward Cuba.

[Begin Morales recording] As a result...[pauses] There is an ultraright group inside and outside of Congress that supports the bill, but the fact is that different political sectors are deeply concerned about this, including the business sectors that in some cases would be harmed by the bill. The bill has also raised deep concerns on matters pertaining to international relations, that is, pertaining U.S. relations with its allies, because of the irrational nature of the bill. It seeks to hurt Cuba, yet it would be detrimental even in aspects involving the relations between the United States and its allies, including aspects of U.S. strategic policy. [end recording]

Warren Christopher Reaffirms Continuation of Blockade

FL0206184295 Havana Radio Rebelde Network in Spanish 1700 GMT 2 June 95

[From the "National Radio News"]

[FBIS Translated Text] U.S. Secretary of State Warren Christopher today affirmed that the United States will sustain its current policy toward Cuba, based on maintaining the blockade. In his statements, Christopher was less credible when he cited the facilitation of contact between Cubans and Cuban-Americans as a cornerstone of this policy, and above all, after the steps taken last August that restricted flights from the United States to Cuba and prohibited remittances. Christopher made the statements during a press conference in Madrid during a 24-hour visit to Spain.

Alarcon: Blockade Attempt To Limit Sovereignty

FL0306142595 Havana Radio Progreso Network in Spanish 1000 GMT 3 June 95

[From the "First Thing" program]

[FBIS Translated Text] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, affirmed on the U.S. television network CNN that a recrudescence of the blockade against Cuba is considered an attempt to limit Cuban national sovereignty. Alarcon added that supporters of the Helms-Burton Bill, which seeks to strengthen the blockade against Cuba, should listen to the opinions of those in Latin America and Europe who treat Cuba as an independent state, not as a U.S. dependency.

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Commentary on Torture, Ratification of UN Convention

FL0206195295 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Jun 95

[Commentary by Orlando Contreras; from the "National Radio News"]

[FBIS Translated Text] Some years ago a European publishing house printed a book on the universal history of torture. It is a big book, a type of illustrated encyclopedia that describes in detail the torments that men in their societal roles have applied to their fellow men for thousands of years. Paraphrasing Borges, I would say that this is truly a universal history of infamy.

The book describes the cruel tortures in the Pharaohs' Egypt; it illustrates samples of tortures from ancient China; the unlimited cruelties of the Church; the application of the garrote technique [garrote vil] in Spain and Latin America; and the purgatory fires approved by the Popes to inculcate the faith. I believe the book employs a certain morbidity to make it more attractive, apt for a specific market saturated with horror and fiction. It does not use torture as a philosophy of the times like [words indistinct] but as a marketing tool.

Regarding torture, a superlative expression of cruelty, it is important to keep in mind that, in absolute terms, it never has never been employed as much in the world as it is today; that there are systems and governments that have used it and continue to use torture as another administrative measure.

In Cuba, several governments employed torture as state policy through its repressive bodies. One of the many causes that motivated the past generations to engage in the revolutionary struggle was the elimination of torture. Since the times of the Sierra Maestra to the present day, torture has never been used to obtain confessions. However this does not mean that some deranged individuals could not have mistreated a citizen. But never, because of the Revolution's reason for existence and its beliefs in the teachings of Marti, has torture ever been permitted nor has it ever been part of the Cuban policy.

That is why it is natural — and it is in agreement with its philosophy and practices — for Cuba to ratify the International Convention Against Torture and other cruel and degrading practices. Nevertheless, it is not surprising that the United States, who champions human rights before the entire world, has not signed the document. In matters of human rights, which are so important for man's true dignity, what counts are deeds and not rhetoric.

Experts: Robaina Trip Proves Respect From CIS States

PA0306131495 Havana PRENSA LATINA in Spanish 2135 GMT 2 Jun 95

[FBIS Translated Text] Analysts said here today that the recent tour by Cuban Foreign Minister Roberto Robaina through capitals of the Community of Independent States made evident a revitalization of that region's interest in improving ties with Cuba.

Foreign Ministry sources said that manifestations of respect for Havana's position in the international field and the strategic value sugar has in countries such as Russia, Ukraine, and Belarus, have helped increase contacts between those governments and the island.

During Robaina's tour through Moscow, Minsk, and Kiev, especially at the Kremlin, there was a distinct and complete rejection of the blockade policy Washington has been implmenting against the Caribbean nation for more than 30 years, the sources said.

The chief of Cuban diplomacy met with Russian Chairman of the Government Viktor Chernomyrdin, who expressed his wish to respond in kind to Havana's call for the actual implementation of signed bilateral agreements.

The two sides have signed agreements in the field of drug-trafficking and the use of psychotropic substances in order to protect the two states from this scourge.

A Cuban Foreign Ministry official reported the signing of an agreement between Cuba and Ukraine on the issuing of visas; as a result, three types of passports will be issued: dipiomatic, official, and military [de servicio] passports.

Havana and Kiev reached an understanding for the protection and preservation of investments. Cuba has similar understandings with several European states to contribute to the creation of a legal framework for encouraging investments in the island.

Dissidents Report 'Relative Calm' in Regime 'Harassment'

PA0306230695 Paris AFP in Spanish 0808 GMT 3 Jun 95

[By Antonio Raluy]

[FBIS Translated Text] Havana, 3 Jun (AFP) — A noticeable drop in acts of hostility and harassment and a smaller number of unexplained attacks and demonstrations against the opposition: for some months dissidents and human rights advocates have been experiencing a

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relative calm in Cuba, where six political prisioners, at least six, regained their freedom this week.

"Repression continues, but its intensity has waned," said Marcelo Lopez, a member of the (outlawed) Cuban Commission for Human Rights and National Reconciliation (CCDHRN), which is in charge of counting the number of political prisoners on the island.

According to Lopez, the situation improved considerably after the second half of 1994, following the difficult period from late 1992 and all of 1993 that was marked by violent attacks on dissidents, usually at the initiative of the "rapid action brigades," comprising supporters of the regime who are in charge of repressing any antigovernment activity.

The change, however, is regarded with caution by the dissident movement, comprising diverse groups with a small number of members. One supporter said the groups total about 1,000 people and are devoid of means and most of them clandestine.

"Repression always had its ups and downs, and the current situation can change tomorrow, because we have no guarantee of human rights here," CCDHRN Chairman Elizardo Sanchez Santa Cruz, the main dissident figure, said.

The repressive arsenal of the regime, which opposes the multiparty system, still exists, Sanchez Santa Cruz explained, scoring the use of very flexible provisions to fight "enemy propagada" and face "social danger." This last concept, contained in the penal code, allows the imprisonment from one to four years of any alleged "antisocial" individual or anyone "likely to commit offenses."

According to a partial list the CCDHRN prepared in late May, over 1,500 persons were being held to date for dissenting offenses [delitos de opinion] in Cuba. Elizardo Sanchez, however, felt the figure may vary from 2,000 to 5,000 prisoners. "The government does not tell anyone. Only Fidel Castro and a very small number of his aides know the exact number of prisoners," he affirmed.

Marcelo Lopez, who performs the CCDHRN's most difficult task of gathering information provided by the prisoners' relatives, stated he has "a little leeway" with regard to the authorities. "I have never been attacked," he said, noting that he was dismissed from his job two years ago due to his political activities.

That practice by the state apparatus, which controls all the mechanisms of society, is common and easy to "disguise" during this period of mass dismissals the country is experiencing, Lopez stated.

Sanchez Santa Cruz, who has been jailed on several occasions in recent years and was the victim of a beating in 1993, voices his concerns with some humor. "I am afraid they will find out I am a drug trafficker or a pimp. The government already has discovered that I was a common criminal," he said in an ironic tone, referring to the sentence he received last July of six months of house arrest.

On that occasion he was accused of having 300 liters of gasoline of an unexplained origin. He rejects the charge, scoring the practice of trying to discredit dissidents by portraying them as common criminals. When talking about his "Kafkaesque" life in Havana, he is happy to report that his telephone line, which had been out for over one year, was restored.

For 10 days he has even had a fax machine that only allows him to send documents inside the country through an operator. Only foreign residents are allowed direct access to the international network.

Changes in Legal System Discussed

PA0406144295 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Jun 95

[Report by Marianela Samper from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban legal experts continuously look for ways to improve the mechanisms and standards used in the process of administering justice, ensuring that this process remains in step with the changes taking place in the country. With this in mind, we sought information concerning work that has been conducted for about three years now — work on drafting a Court Law amendment and preparations to present it to the Cuban assembly. Dr. (Jorge Bodes), president of the Association of Cuban Criminal Lawyers, explained that changes in the Constitution affect the entire Cuban judicial system.

[Begin (Bodes) recording] In terms of the direction we are heading, the first law that will be changed will be the Court Law. The goal of this is to improve the work of magistrates and to give them greater independence. We have a great deal of experience in popular participation in the administration of justice. Our system utilizes jurors, as well as courts that comprise several judges. In Cuba, justice is not administered by one magistrate alone. We have made progress in this field. Now, it is time to reassess all experience in this area, both here and abroad, and try to improve this law and the organization of our courts. [end recording]

We should bear in mind that the idea of improving Cuba's judicial system is not new. Law No. 62, which

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outlined a new Penal Code containing advanced provisions in which certain actions were no longer regarded as criminal, was approved in 1987. At that time, penalties other than the deprivation of personal freedom also were established.

In the 1990's, the socialist bloc's collapse had an impact on the Cuban economy, and Cuba lost its traditional markets. This process brought about substantial changes both in the economic and judicial fields in Cuba. One good example of this is that the ownership of dollars is no longer a crime. The Penal Code was amended last year. (Bodes) also commented on this.

[Begin recording] [(Bodes)] Certain types of crimes were introduced in this legislation — for instance, crimes against public finances. This category of crimes has started to crop up in Cuba, because, as a result of all of the changes in the country, taxes are now being paid. Previously, our socioeconomic structure did not require taxes. Now there are a number of taxes on self-employment and other things, such as joint enterprises and the activities of vendors in certain places. These activities require legal supervision, and penalties need to be devised in case certain standards are violated. Now there are also real estate purchases and sales — activities that will certainly have to be taken into account by the legal system in one way or another.

[Samper] What other categories of crime were introduced in last year's amendments?

[(Bodes)] The only new category introduced was the one I mentioned: crimes against public finances, specifically tax evasion. Meanwhile, the section on drug possession and drug trafficking was polished. Although the work is not yet complete, this section was modernized to a considerable degree and shaped to conform to today's reality. The changes in this section take into account our geographic location and how it relates to the international drug trafficking problem — for example, how to deal with drug bundles that wash up on our shores. Cuba is located in the center of one of the busiest drug trafficking lanes in this part of the world. Anyway, this section was categorized and reviewed, and distinctions were made to differentiate between international drug trafficking, the involvement of weapons or explosives in this activity, and individuals entering the country while possessing weapons or explosives. All of these things were considered, and a distinction was made between the international trafficking of the so-called hard drugs and the possession of other kinds of drugs, such as pills or marijuana.

[Samper] Does the current code have sections that are no longer appropriate or that might be changed in the future?

[(Bodes)] Yes, I believe there are many statutes in need of review and reassessment, as well as many crimes that need to be reconsidered. Some crimes against the economy could perhaps be handled administratively and not require criminal proceedings.

There are certain crimes that need to be reexamined — for example, foreign exchange trafficking, which previously included possession. Possession has now been decriminalized, and trafficking needs to be defined within certain limits. Illegal economic activity — what exactly is illegal economic activity? It is simply a person who works in an activity for which he has not acquired the proper license and, therefore, has no authorization. Does this need to be punished, or might this be dealt with administratively?

There are a whole host of problems that deserve study and evaluation, not hurriedly, but whatever time it takes to draft a law. This needs to be evaluated. Problems need to be studied in terms of which crimes definitely need to be punished, and then we need to arrive at specific conclusions.

Also, there are things currently not considered to be crimes which need to be reevaluated and criminalized in the future. There are also things that, although currently considered crimes, are not properly defined in the code. There are other things that are considered problems worldwide, such as computer crimes. Many other countries also need to adjust their legislation to these new realities, to new forms of organized crime and new criminal phenomena, in order to properly address these issues and adequately combat these various kinds of criminal behavior.

[Samper] Will all of these reforms be in line with internationally agreed upon criminal procedures?

[(Bodes)] I believe that, in order to combat crime, we should not only draw from our domestic experience, but also international experience, looking for the most modern concepts. This will allow us to draft a penal text — a modern and up-to-date penal code — that includes our experience and the experiences of other countries in this area. All of this is very useful in our efforts to preserve our structures.

[Samper] What foreign codes or structures might serve as models?

[(Bodes)] We could learn from the code of any country. Of course, Latin American countries are closest to us and feature the most congruence, a common language, and common experiences. Our legal system has been greatly influence by the Spanish code, and it borrows from all Spanish institutions. Spain has always been an important reference point for us, and it is another

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country that has contributed in terms of the law. Of course, if we can learn from an institution in some other country, we can also refer to it. Italy, Germany, and France, and, in Latin America, Mexico, Colombia, Ecuador, and Argentina are all countries that have a host of experiences and knowledge about various kinds of crime. [end recording]

This is a look at what Cuban jurists are doing and how they do not lose sight of changes taking place in society in their efforts to constantly improve the law and efficiently utilize our socialist reality.

Haiti OAS Meeting Expresses 'Tacit Support' of Aristide

FL0306160095 Havana Radio Reloj Network in Spanish 1410 GMT 3 June 95

[FBIS Translated Text] A meeting of the General Assembly of the Organization of American States [OAS] set to begin on 5 June in Port-au-Prince, Haiti, is considered an expression of tacit support for the government of President Jean-Bertrand Aristide. The 34 foreign ministers of OAS member nations will attend the meeting, and OAS Secretary General Cesar Gaviria indicated that Haiti should be given help in carrying out its social and economic plans.

Haiti is the poorest nation in all of Latin America and the Caribbean: 69 percent of the population live in rural areas; the infant mortality rate is 93 per 1,000 live births; and life expectancy is barely 54 years.

As the diplomats from the 34 OAS member nations began arriving today in Port-au-Prince, many were observed to be carrying containers of water for fear of illness, as well as medicines, and even mosquito nets.

Foreign Presence in Oil Industry Grows

PA0506021795 Havana PRENSA LATINA in Spanish 0659 GMT 3 Jun 95

["Exclusive" report by Mario Esquivel: "Cuba: Growing Foreign Presence in Oil Industry"]

[FBIS Translated Text] Five years after the opening of Cuba's oil industry to foreign investment, dozens of foreign companies are operating on the island under contracts for exploration, services, and the joint exploitation of oil facilities.

According to statements to PRENSA LATINA by Manuel Marrero, chief geologist at the Basic Industries Ministry, by the beginning of 18 May blocks (12 on land and six in the sea) had been negotiated, of the 32 into which Cuban territory with oil potential had been divided (22 on land and 10 in the sea).

Marrero also pointed out that over the past three years oil companies operating on risk venture agreements have completed more than 8,000 km of seismic lines on land as well as in the sea.

Within this context, several companies are operating as subcontractors for drilling, geological studies, and efforts to increase production at oil wells that are currently active.

The basis for foreign institutions' operations, Marrero said, was established by the work carried out between 1959 and 1989 — before the fall and disintegration of the socialist camp — when an aeromagnetic and geological survey conducted throughout the entire country showed an area of 140,000 square km with oil prospects.

Results from 1990 up until now show that the production of crude oil has virtualy doubled, going from 15,000 barrels daily to approximately 30,000 in mid-1995, with the encouraging possibility of meeting a considerable part of the country's medium-term requirements.

The first sea drillings carried out by foreign companies in May 1994 in Bahia de Cardenas resulted in the discovery of 16 grade API [American Petroleum Institute] hydrocarbons, with a sulphur content lower than found in the Varadero oil field (the largest on the island with reserves of almost 120 million barrels.)

In the experimental phase of the drillings, a volume of 3,750 barrels daily was obtained, and during that same period one well on land produced 1,200 barrels daily of 20 grade API oil.

Likewise, in the Ciego de Avila area — the largest producer of light crude on the island — eight new wells have been drilled this year, raising to 120 the number of active wells in that area, where high quality hydrocarbons are extracted and used to manufacture lubricants.

Certain volumes of crude with low sulphur content, obtained in areas near the Varadero oil field, are used as solvents for the heavy oil utilized to generate electricity and as fuel for the cauldrons at cement, nickel, and glass factories, among other uses.

In the opinion of experts, the strategy adopted in the oil sector following the establishment of the special period encouraged a trend toward higher oil production, which last year had already reached 1.3 million tons (approximately 9 million barrels).

Oil production for 1995 has been estimated at 1.4 million tons (10 million barrels), a figure that widely surpasses the largest amount recorded during the period before 1989. In 1986, for instance, 938,000 tons (7 million barrels) were pumped to the surface.

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Companies from Canada (Canadian Northwest Energy-Sherritt Group — and Fortuna Petroleum), the United Kingdom (British Borneo), France (OFD and Geofinanciere), and Sweden (Taurus) lead a list of firms that currently operate in Cuba, and Cuban specialists have revealed the possibility of signing contracts with new groups.

There is also an agreement between Cupet, [Cuban Petroleum], Inc., a marketing company, and Mexpetrol (Mexico) to complete and operate the Cienfuegos refinery to process crude oil that would be subsequently sold in the area.

Other processing plants in the country, as well as the facilities at the Matanzas supertankers base — capable of receiving ships with a displacement of up to 150,000 tons — also interest investors, who want to use the Cuban oil industry's idle facilities.

Moreover, Ministry of Basic Industry experts said the work of other foreign firms in the country has all the guarantees granted by laws that are currently in effect on the island; they ruled out the legal validity of any possible claim from U.S. companies which operated in Cuba before 1959.

According to a survey conducted by Cupet specialists, only five out of approximately 20 firms with U.S. interests that operated in the country have filed claims on the exploration rights they had before the triumph of the revolution.

Nevertheless, the 1938 combustible minerals law — under which the deals were made — allowed prospecting rights only for a three- year period, which was later extended to five years.

Consequently, jurists termed as inadmissible any claim regarding a right, because the period of operations for rights granted before 1959 has already expired.

Given the current shortage of financing to purchase crude oil in the international market, Cuba — a traditional importer of fuel — is trying to attract the necessary capital and technology to put the national oil industry on a level with its development requirements.

Specialized personnel, the potential to refine up to 77 million barrels a year, pipelines, and a storage infrastructure complete the island's potential in this sector, which could be consolidated by the possible existence of high-quality hydrocarbons.

Tobacco Production Short of Targets; Cigar Demand High

PA0206162795 Havana PRENSA LATINA in Spanish 1537 GMT 31 May 95

[FBIS Translated Text] Havana, 31 May (PL) — A high-ranking Cuban official has noted that the results of the latest tobacco harvest mark the beginning of the sector's recovery.

During a final inspection of the harvest season, Alfredo Jordan Morales, minister of agriculture and member of the Politburo of the Communist Party, warned that, despite progress, projected production will not be attained, GRANMA newspaper reported today.

The official said, "As long as we do not produce 1 million quintals of tobacco, farmers cannot be satisfied." He added that the figure is the immediate objective of the recently initiated harvest season with the planting of some 4,400 caballerias.

The progress made in the collection and processing of harvested leaves, along with the handing out of farm lands to new producers, are events of special importance in the current tobacco harvest season.

Meanwhile, export targets for cigars have been fulfilled at 110 percent. Demand fo. Cuban cigars in the global market is twice as great as the current supply can meet. This is why it is important to exceed the production and quality targets established this year.

The tobacco sector has seen a decline in production since 1990, when Cuba's difficult economic situation started.

Taxes on Migratory Transactions, Imports Implemented

PA0306023395 Havana PRENSA LATINA in Spanish 0720 GMT 1 Jun 95

[FBIS Translated Text] Havana, 1 Jun (PL) — Starting today, Cuba implemented new taxes for migratory transactions and noncommercial imported products.

A specialized source explained that the former was established by a resolution issued by the Finance and Price Ministry. It deals with document requests paid in free convertible currencies and, in certain cases, local currency.

The resolution include regular individual passport requests, passport extensions, identification certificates, travel certificates, legal alien identification cards, and passport requests.

Cuban citizens leaving the country for good must pay the tax or purchase the tax stamps in convertible

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currency. Cuban citizens leaving temporarily must pay in local currency.

Those institutions that carry out transactions in foreign currencies must pay their tax in that type of currency. Those service or production companies that carry out their sales and purchases in local currency will also use local currency to pay their taxes.

The government also implemented a customs duty for noncommercial imports. Resolution 7 of 1995 issued by the same ministry put the measure into effect.

According to the mandate, all travelers arriving on the island and declaring an article worth between 100 pesos and 1,000 pesos will pay a 100 percent duty. Those articles worth less are exempt.

Individuals leaving the country by invitation from people residing abroad, foreign visitors arriving, and Cubans residing permanently in other countries will meet their obligation in freely convertible currencies.

Cuban citizens living on the island who travel abroad for work or pleasure will pay their taxes in local nonconvertible currency

The source said travelers will declare the total value of the noncommercial products they are bringing into the country to the customs officials at the air or seaport of entry.

The expert said all provinces are ready to enforce the provisions of the new resolutions.

The cost of a specific document or for processing a specific request will depend on the complexity and precedence of each individual case.

The specialist said tax requirements for requesting or processing documents, such as noncommercial product import permits, conform to current international procedures and are based on general principals of social justice and financial capability.

The official said medical examinations and other types of transactions the government carries out for the traveler generate foreign currency expenses; that is, money the country needs to benefit its people in general.

These measures are also part of the deregulation of foreign currency possession. People wishing to travel abroad can now receive the money they need to pay for these transactions from the people who invited them to visit.

Expanded Tax System Includes New Sectors, Activities

FL0406220795 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] The national news agency has reported that changes in the Cuban economy have moved forward in recent days to include taxing of other activities and sectors as a way to strengthen the tax system. Resolution 7 on payment of noncommercial tariffs, and resolution 8 on migration paperwork taxes — both instituted by the minister of Finance and Prices — are in force.

The expansion of the tax system, after decades out of operation, is another step toward restoring finances, achieving a balanced budget, reversing the economic development decline, and preserving social achievements.

In addition, predictions indicate that it is the right time to expand self-employment. Analysts thought that self-employment at the end of 1994 had reached the level allowed by the applicable decree, which limited self-employment in some professional sectors and for some activities, including prepared food vending, among others. However, analysts currently believe that a new opening, to include new trades, is imminent, especially those related to prepared food vending, and authorization of professional self-employment. Making self-employment official in these sectors would grant legal status to people currently performing such activities, and the state would also increase revenues by taxing them. Self-employment has expanded far beyond the limits established by Decree-law 141.

Roundup of Economic Developments

FL0306150495

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 3 June.

To date, growers in Ciego de Avila have produced approximately one million quintales of vegetables and tubers, more than in the same period of 1994, including record harvests of brussel sprouts and potatoes. (Havana Radio Reloj Network in Spanish 1930 GMT 22 May 95)

In Sancti Spiritus the Ministry of Agriculture completed construction of over 200 houses during the period January through April, 23 percent of the 1995 goal of 900 houses for miscellaneous crop producers and cattle industry workers. Currently, 500 buildings are in various stages of construction. (Havana Radio Reloj Network in Spanish 1939 23 May 95)

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The European Union, via the nongovernmental organization, France Liberte, donated $1.8 million worth of medical supplies to the provincial orthepedic technology laboratory in Camaguey and to similar installations in eight other provinces and on the Isle of Youth. (Havana Radio Rebelde Network in Spanish 2300 22 May 95)

From January to April, Cuba's fish farming sector produced 380 tonnes of fish. This represents an increase of 35 percent over the same period of 1994. (Havana Radio Reloj Network in Spanish 1958 GMT 25 May 95)

Panamanian Airline business manager has announced that this enterprise, which serves 21 destinations in Latin America, will begin a new route to Havana on 16 June, with two weekly flights. (Havana Radio Rebelde Network Spanish 2300 GMT 25 May 95)

The Las Tunas farming sector recorded a profit for the first time, during the first quarter of 1995. The 23 farming enterprises in the province, which had accumulated a collective loss approaching 5 million pesos, now show earnings of almost 207,000 pesos in spite of the intense drought of late 1994, which has caused them to fall short of milk and miscellaneous crop production goals. Reducing losses, more efficient use of salaries, earnings realized in workers cafeterias, as well as the record potato harvest, contributed strongly to the profit earned. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 May 95)

During the first quarter of 1995, over 5,000 quintales of vegetables and rubers produced on organic farms covering 89,000 square meters in Cienfuegos have been sold directly to consumers, reflecting an increase in production over the same period in 1994. The farms are currently yielding approximately 4 kg per square meter, with a goal of 10 kg per square meter. (Havana Radio Rebelde Network in Spanish 0900 GMT 26 May 95)

Victoria de Giron citrus enterprise in Jaguey Grande, Matanzas, has harvested 225,000 tonnes of citrus, and exported products for over $8 million, thus achieving their 1994-95 campaign goals. (Havana Radio Rebelde Network Spanish 1700 GMT 29 May 95)

In Granma Province, several tornadoes caused the loss of 199,328 plantain trees. This means that plantain distribution to the population will be affected by approximately 32,585 quintales. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 May 95)

A Ministry of Agriculture report states that tuber and vegetable production in the first four months of 1995 increased 40 percent over the same period in 1994, but still falls short of demand and does not reflect complete exploitation of existing resources. (Havana Radio Progreso Network in Spanish 1000 GMT 3 Jun 95)

During the recently concluded Cuba-95 tourism convention, the Horizontes hotel chain met with representatives of approximately 100 of its most important markets, as well as with tour operators and representatives from travel agencies in Spain, Colombia, Russia, the Dominican Republic. Canadian firms contracted approximately 2,000 rooms from the Horizontes chain for the winter season. (Havana Radio Rebelde Network in Spanish 1155 GMT 3 June 95)

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Zedillo Outlines Development Plan at Navy Day Ceremonies

PA0306034595 Mexico City XEW Television Network in Spanish 0430 GMT 2 Jun 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The president of the republic paid tribute to sailors on their day. In Manzanillo, Colima State, President Ernesto Zedillo said that the 1995-2000 National Development Plan outlines the general guidelines for the national effort. He reiterated that the 1995-2000 National Development Plan is the democratic result of intense and extensive popular consultation and diagnoses our main problems as a people and as a nation.

[Begin Zedillo recording] The plan is a general guideline for our collective effort to follow in the near future in order to attain a healthier, more dynamic, and more balanced national development. The plan is a guide, a base, a framework, to orient and direct the national effort. Starting with it, unified Mexicans will know how to convert its postulates into realities and its proposals into definite advances toward full development. [end recording]

President Zedillo went to Colima State on Thursday to head the commemorative acts on the 68th anniversary of the nationalization of the Mexican Merchant Navy, the 53th Navy Day anniversary, and also to deliver social works.

In the specialized container terminal in the inner port of San Pedrito, inside the port of Manzanillo, he was told about promoting the Merchant Navy and witnessed the signing of labor agreements between port workers and port service enterprises. At the event he said that the modernization and broadening of our port infrastructure and the promotion of our Merchant Navy is a national development strategy.

President Zedillo said that in order to reach required economic growth we must urgently put great investment efforts into our port infrastructure and into our merchant fleet.

[Begin Zedillo recording] The National Development Plan calls for the need to promote private investment through awarding specialized container terminal concessions and through the privatization of general cargo terminals and port services. [end recording]

President Zedillo, on board the Blas Godinez insignia vessel, headed Navy Day ceremonies on the high seas. He tossed a wreath overboard in tribute to sailors who fell at their posts defending the institutions as military marines.

The president traveled to Tecoman, where he delivered housing property deeds. In Colima, he inaugurated the Colima University science library and met with state entrepreneurs. President Zedillo was accompanied by his wife Nilda Patricia Velasco, Navy Secretary Admiral Lorenzo Franco, Communications Minister Carlos Ruiz Sacristan, Labor Secretary Santiago Onate, National Defense Secretary General Enrique Cervantes, Tourism Secretary Silvia Hernandez, Environment Secretary Julia Carabia, Colima State Governor Carlos De la Madrid Virgen, and Mexican Petroleum Director Adrian Lajous, Alfredo Del Mazo, director of the Institute of the National Fund for Workers Housing, and National Electricity Commission Director (Rogelio Gascaneri).

President Zedillo returned to Mexico City that afternoon.

Plan Calls For Parastate Energy Sector Changes

PA0306215595 Mexico City LA JORNADA in Spanish 2 Jun 95 p 49

[Report by Emilio Lomas M.]

[FBIS Translated Text] According to the executive annex of the National Development Plan (PDN), there will be profound changes in energy sector parastate companies that will be implemented through the strictest compliance with the prevailing constitutional and legal framework.

The document, which summarizes the PND's action guidelines, states that the parastate energy sector will undergo a profound restructuring process that will include the modernization and capitalization of Mexican Petroleum (Pemex) and the Federal Electricity Commission (CFE).

It adds: "Private capital will play a major role in supporting expansion plans at those institutions, which must generate their own resources in order to grow."

The document specifies that, with regard to electricity, new options that the legal framework now offers will be taken advantage of in order to direct public investment toward the strengthening and improvement of transmission and distribution and to promote private participation in the generation of electricity.

In this regard, the document mentions that Pemex's ability to offer strategic responses and its operational efficiency will be strengthened to support growth and job creation. The company will focus its efforts on primary exploration and production.

Expansion of the petroleum platform will be a priority, it notes.

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The document also states that actions will be adopted to ensure a swift and reliable supply of industrial fuels at competitive prices and in the volumes demanded by domestic producers.

In this regard, it notes that within the framework of the law, private sector competition will be promoted: "Active private participation in the conveyance, transportation, distribution, and marketing of natural gas will be promoted."

Goods and services produced by the energy sector should progressively reach standards of quality that are comparable to international ones, and they should also comply with ecological regulations.

Their distribution must be timely and sufficient in keeping with the sectorial and regional patterns of demand, while prices established through international references and total production and distribution costs, both of which must be fixed in an honest and predictable manner, should ensure competitiveness and promote rational use of conservation of resources and an optimal allocation of investments.

As for the areas reserved to the state, the executive summary states that the goal will be to maximize benefits for the entire country, not only for fiscal revenues and public finances.

"This will prevent the granting of exclusivity benefits at the expense of the economy," it adds.

Private participation will be promoted in areas of activities that are not reserved. Its relationship with clients, contractors, purveyors, and other economic and financial agents will be subjected to the same rules that govern other companies.

The document also states that the system to supervise and control those who are in charge of complying with budget guidelines and restrictions will also be improved. This will be achieved by granting greater freedom of action to administrators in exchange for a more rigorous evaluation of the results.

This last point notes that this is particularly relevant with regard to parastate organizations and companies. Quantitative and financial goals will be established for them and their leaderships will be responsible for reaching them.

Finally, the document says that, if the duties of these organizations do not give them financial autonomy, mechanisms to transfer budget resources will be established in greater detail.

Plan Relies on Savings

PA0206205495 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 30 May 95 p 3A

[Report by Elvia Gutierrez and Victor Felipe Piz]

[FBIS Translated Text] The principal challenge of Mexico's National Development Plan (PND) 1995-2000 will be to consolidate an internal savings structure during the next six years to balance out the relationship of growth and development.

Official authorities will propose that during the course of the current administration total savings increase by 5 percent its contribution to the GDP.

To achieve this it is necessary to generate internally $35 billion annually, and $13 billion externally, which together will represent the amount the country needs to resume growth and to restore the levels of well-being of the people.

The principal mechanism the government has made use of to promote internal savings, the Retirement Savings System (SAR), only accounts for 5 percent of the total financial aggregate.

In its three years of existence, the SAR received resources for 33.7395 million new pesos [N$], equivalent to $5.623 billion, only 16 percent of the self-generated capital required annually by the economy.

An investigation by the economic analysis area of EL FINANCIERO, based on information from the Finance and Public Credit Secretariat, the Bank of Mexico, and the National Institute of Statistics, Geography, and Data Processing noted that the low buying power of wages, added to restrictions in terms of existing jobs, are some of the factors that have inhibited the internal savings capacity.

Of the 33 million that make up the employed urban population, only 2 percent show a margin of savings, which is equivalent to almost 700,000 persons. The financial needs of the economy demand that this percentage increase to at least 15 percent of the employed population. Also, in order to strengthen the internal savings structure, it is essential to make diverse modifications to the fiscal and social security systems to eliminate burdensome charges and double taxation of workers and companies.

Inability To Generate Internal Savings

Self-sufficiency of resources to finance both growth and development tasks is viewed as one of the most important challenges over the next six years.

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For the moment there seems to be an imbalance between the participation of savings contributed to the GDP in Mexico and the United States, which is 7 percent and 14.5 percent, respectively.

The current administration will have to promote structural changes within the national economy to make viable the social, economic, and political principles contained in the PND 1995-2000.

Mexico is incapable of generating internal savings in the proportion needed during the next six years, given that approximately $288 billion are needed to channel resources to the productive investment, hence favoring a solid economic growth.

This means that it is necessary to have $48 billion annually, of which 73 percent should be generated internally and 26 percent generated abroad.

Deficiencies in terms of jobs and the deterioration of the buying power of wages have become the principal factor hindering the national development program. The plan must not lose impetus during its initial implementation phase.

The job market is growing at an accelerated pace each year considering that at least 1.5 million persons are joining the working force for the first time in an effort to get a paying job.

Mexico's reduced buying power is related directly to the distribution of income, which reveals a highly concentrated structure, because the people who earn less than one up to two minimum wages are considered among the population sectors that participate with 4.28 percent to the GDP, while those who receive over eight minimum wages make up the group of persons who contribute 16 percent to the GDP.

Monetary policy changes are part of the problem faced by the national economy to restore the savings levels that existed before the decade of the eighties.

Marginal Participation of SAR in Savings

Between May of 1992 and March 1995, the SAR received contributions in the amount of N$33.7395 million from the public and private sectors, workers, and employees as a result of the integration of a little over 12.6 million workers to this system.

Nonetheless, during its three years of existence, the SAR has proven to be an insufficient tool for attracting savings among Mexican society, which is indispensable to promote and sustain economic growth and especially to stop depending on foreign capital, either for investment or loans.

The SAR contributed only 5 percent to the total financial aggregate; the principal source of national savings stems from the retention of resources carried out by the many bank transactions, which contributed 63 percent by the end of the first trimester of the year.

It is noteworthy that despite its minimal participation in terms of internal savings, the SAR has had a favorable evolution. In 1992, with 5,503 million new pesos, it represented 1.3 percent of the financial aggregate.

Currently, 61 percent of the deposits made to the SAR (20,571.1 million new pesos) corresponded to the housing fund, and 39 percent (13,168.4 million) to retirement.

In the first case, 81.4 percent of the funds were channeled through the IMSS [Mexican Social Security Institute] and 18.6 through the ISSSTE [Social Security and Services Institute for Government Workers]. In relation to the retirement register, 85.3 percent was taken up by the Infonavit [Institute of the National Fund for Workers Housing] and 14.7 percent to the Fovissste [Housing Fund of the Social Security and Services Institute for Government Workers].

The difference is based on the fact that the private sector generated 10.7 million of the SAR accounts, while bureaucracy contributed 1.9 million.

Beginning in 1990 internal savings began to diminish as a result of a contraction in the aggregate demand, discouraging private spending, both for consumption and investment.

Part of that situation was due to the restrictive policy that increased banking credit costs, which consequently contracted banking liquidity. In fact, national savings reduced its contribution to the GDP, while external savings, which entered the country as foreign investment, occupied that space.

It suffices to mention that while internal savings contributed 94.3 percent to the gross investment in 1988, last year, this contribution plummeted to 66 percent. Contrary to this, seven years ago the participation of deposits in total capital costs from abroad was barely 7.1 percent, which increased to 37.2 percent in 1994.

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Mexico: Financing the Formation of Capital (Millions of dollars)

Year	Gross Fixed Investment	Depreciation	Net Investment	With External Savings	With Internal Savings
1988	33.4152	20.7794	12.6359	2.3756	31.5237
1989	37.5694	21.8512	15.7182	5.8212	32.1664
1990	45.4837	23.5876	21.8961	7.4510	38.9079
1991	55.8745	27.4263	28.4481	14.6467	42.8105
1992	68.4753	31.7402	36.7351	24.4385	44.6943
1993	73.6134	36.2008	37.4126	23.3992	51.0689
1994(p)	77.3177	37.4703	39.8474	28.7855	51.0470

(p) Preliminary figures

External savings are the deficit in the balance of payments account. Source: Bank of Mexico

Foreign Secretary Cited on Plan

PA0306164795 Mexico City LA JORNADA in Spanish 2 Jun 95 p 5

[Report by Jesus Aranda]

[FBIS Translated Text] Foreign Relations Secretary Jose Angel Gurria has declared that the Mexican state "for the first time" has considered the preservation and strengthening of sovereignty as a key foreign policy issue in light of the challenges the country is facing in advance of the 21st century.

Meanwhile, the national leadership of the CIOAC [Independent Federation of Agricultural Workers and Peasants] and the Mexican Evangelical Fellowship [Confraternidad Evangelica de Mexico] are skeptical about the announcement of the government program because, they argued, of the lack of credibility that has characterized the past few governments.

In an interview in which the foreign secretary referred to the National Development Plan (PND), he explained that although the basic principles in foreign policy matters are being upheld, the truth is that we recognize "the world has changed." We recognize, he went on to note, that in today's world communications are unrehearsed and that hundreds of billions of dollars flow easily in and out of the nations of the world.

Also, he noted that at the international level people agree on the importance of nongovernmental organizations and new mechanisms through which they communicate without the necessary participation of their governments. All of these 21st century-type relations are realities that test the manner in which the United Mexican States preserves and strengthens its sovereignty.

Meanwhile, regarding the agricultural issues broached in the PND President Ernesto Zedillo announced on 31 May, CIOAC Coordinator Federico Ovalle Vaquera noted that, for this sector, the plan only shows indifference to the crisis, because it fails to present legal and economic instruments that will promote increased production and productivity in the countryside.

While launching of the PND, he underscored, they continuously talked of good intentions and growth targets; however, the problems of the agricultural sector, which is the main supplier of food for the Mexican people, were not addressed by the plan.

The coordinator of the CIOAC, which is a group represented in 26 states with more than 200,000 affiliates, explained, "The good intentions of the federal executive branch are insufficient. We also require tangible actions, which once again were ignored."

This is why it is clear for all peasant organizations that "the neoliberal model implanted by the previous six-year presidential terms will continue with all of the negative effects it represents. Let us hope that the proposals each organization submitted for the design of this PND, and which were not taken into account, remain as irrefutable evidence of what could have been done and was not done in the countryside for whatever reason."

Ovalle asked the federal government to increase the budget and funding for the countryside to prevent "new social uprisings, such as the ones in Chiapas and Sinaloa," from spreading to the rest of the country.

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Likewise, the CIOAC requested the opening of a new financial institution for the social sector, new financing schemes, and the opening of development opportunities with special attention being paid to self-consumption producers who represent 52 percent of all countryside producers.

Meanwhile, the Mexican Evangelical Fellowship welcomed the PND, but "with reservations" because of the lack of credibility that has characterized the last few governments.

The crisis that has befallen our country, the religious organization indicated, prevents us from fully trusting any type of "rescue" program. This is why real results are required to recover the people's trust in their leaders.

The fellowship underscored that such issues as the preservation of sovereignty, the state of law, democratic development, social development, and the economic growth "do not constitute new needs." They constitute pending issues that previous governments pledged to resolve but still remain "regrettably" pending. This is why the PND will be valid only if it translates into real deeds.

Government Secretary Discusses Plan

PA0306222695 Mexico City XEW Television Network in Spanish 0430 GMT 2 Jun 95

[Report by Lourdes Esquivel; from the "24 Hours" newscast]

[FBIS Translated Text] In a news conference today, Government Secretary Esteban Moctezuma explained several points related to the National Development Plan [PND]. He said that the PND for 1995-2000 aims to preclude a new economic crisis that could spoil the people's efforts of many years.

[Begin Moctezuma recording] Four economic crises have taken place in the country in the past 20 years. The PND is committed to laying the groundwork for sustained growth, but with a sound foundation so crises like those the Mexican people have experienced in the past can be kept from occurring again. [end recording]

Moctezuma underlined the government's commitment to strive for progress in democracy and commented that the recent electoral processes in Mexico show that each vote counts.

[Begin Moctezuma recording] Political parties have a legal, democratic, and civilized access to power. By strengthening law, as well as the parties' acceptance of electoral results and the need to settle disagreements within law and through the courts, we will stop the elections from being a source of conflict. Instead, we can turn them into a civilized political contest. [end recording]

He referred to other points included in the PND.

[Begin Moctezuma recording] The PND requires the participation of the people in general, all sectors, and all political forces so we all can strive for the proposed objectives. The attainment of these objectives is guaranteed, because the government regards as obligatory the principles, strategies, and lines of actions that will guide the government's efforts during the next five years and a half. For the rest of the society, this is a very clear framework to join forces and progress toward a better society. [end recording]

Regarding emigration he said that the rights of fellow Mexicans living out [illegible]xico will be defended. He announced that those who traffic in human beings will be fought firmly. As for public safety, he reported on plans to coordinate all of the Mexican police departments with the participation of a consultative council made of citizens and social organizations. In addition, he underlined the government's commitment to guarantee freedom of expression and of the press, a principle which, he said, the executive respects fully.

On the Chiapas conflict, Moctezuma said that the progress attained is significant.

PRI Endorses National Development Plan

PA0306235295 Mexico City LA JORNADA in Spanish 2 Jun 95 p 9

[Paid advertisement by the Institutional Revolutionary Party]

[FBIS Translated Text] The Institutional Revolutionary Party's [PRI] National Executive Committee hereby expresses satisfaction with and endorses the 1995-2000 National Development Plan [PND] drafted by President Ernesto Zedillo.

The PND is the result of a broad national democratic consultation with citizens, social organizations, and political parties. The PND's contents reflect the variety of opinions, views, and aspirations of Mexicans of all social strata and regions.

At the time the document that guides our country's development was drafted, PRI presented proposals that represented our political organization's pledges to the Mexican people.

We share the view that the government program, announced by Zedillo, instills confidence in the Mexican people regarding the country's destiny. We are sure the institutional actions to be taken will make it possible

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for us to deal successfully and as soon as possible with the adverse circumstances we are experiencing and to reestablish the firm and sustained development that the country demands, with sovereignty and respect for liberties, in a legal framework, and for improved democratic life and social justice.

For 66 years, PRI has championed the nation's most sensitive causes and participated decisively and responsibly in strengthening the country's institutional life. At the head of society's interests, our party has helped build a pluralistic political system, in which respect for the exercise of freedom has been the standard of coexistence, the improvement of democracy has been a permanent commitment, and social justice has been the highest standard.

We, the Mexican PRI members, congratulate ourselves because the PND's guidelines reflect the electoral platform that our party presented for the 1994 presidential elections. These pledges had been agreed upon by our active members at the National Assembly and taken up by Zedillo as presidential candidate.

Indeed, our party's 1995-2000 Electoral Platform clearly defines our unwavering determination to stimulate strongly Mexico's democratic transformation. In the platform, we affirmed our conviction that "law and consensus are the indispensable mechanisms for the progress of democracy" and that, consequently, "we are open to all proposals that serve to improve democracy through new agreements between the parties." We also pointed out that "freedom and justice constitute the essence of democracy" because "without social justice freedom will always be under threat."

The proposals presented in our Electoral Platform for the 1994 presidential elections now constitute President Zedillo's government program. Because of this, PRI hereby expresses its deepest satisfaction and solidarity with the actions announced by the president of the republic, in particular those related to improving our democratic life in the framework of a National Political Agreement that can crystallize into the definitive electoral reform the country demands.

By the same token, we believe that the country's democratic transformation cannot be attained by a single action but through a process that gradually expands the participation of a pluralist and diversified society. In this regard, we encourage electoral reform that can guarantee elections and their transparency, normalcy, and final results.

A fundamental requirement for a democratic structure is equity in the contest with other parties. Although PRI does not relinquish its majority party status, it acknowledges the need to encourage equity in the elections by establishing ceilings in campaign expenses and honesty in the sources of financing.

We have said that the country's democratic transformation is not limited to electoral aspects. At present it is necessary to reestablish the principle of equity among the government branches by strengthening the Congress and judiciary. President Zedillo's democratic government is the best assurance of progress in this process.

Mexico's democratic transformation is not of the exclusive competence of the party and government authorities. On the contrary, improvement of democracy by necessity passes through the civil society's greater participation in the government. For this reason, PRI has insisted on the need to give juridical recognition to nongovernmental organizations and stimulate society's participation in all public affairs, from neighbors' councils to national mechanisms for people's consultation. Similarly, we endorse independent economic activities and the creation of people's organizations to support the government, particularly in the areas of social service, security, and the administration of justice.

Mexico's democratic transformation necessarily involves the creation of a new political culture based on the recognition of Mexican society's plurality and diversity, civility and tolerance principles, respectful debate, constructive criticism, and a commitment to the country.

PRI believes that PND embodies the country that the Mexican people want to keep on constructing so Mexico can enter the coming century as a more and more sovereign, independent, prosperous, free, democratic, and just nation, the nation which we should bequeath to our children. [Signed] Senator Maria de los Angeles Moreno, president of PRI's National Executive Committee, and Pedro Joaquin Coldwell, secretary general of PRI's National Executive Committee.

Zedillo Closes CEMAI Session, Discusses PND

PA0406011695 Mexico City XEW Television Network in Spanish 0430 GMT 3 Jun 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] The National Development Plan [PND] establishes lines of action and practical measures to cope with Mexico's challenges in the next five and a half years.

In the presence of Mexican businessmen and ambassadors accredited in Mexico and during the closure of the 64th regular session of the Mexican Businessmen's Council for International Affairs (CEMAI] in the Adolfo

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Lopez Mateos Hall at Los Pinos official residence, President Ernesto Zedillo said that the PND is the broadest possible basis for national participation and to solve problems. He said that, economy-wise, it is necessary to increase investment and productivity to a level higher than 24 percent of the GNP.

[Begin Zedillo recording] Because it is too low, it is essential to increase dramatically our domestic savings, which should reach 22 percent no later than in the year 2000. This factor is crucial, because insufficient domestic savings have been responsible for the country's financial crises and economic stagnation in the past two decades. [end recording]

Zedillo said that, for this reason, the PND proposes changes in the financial, tax, and social security policies to stimulate domestic savings. Speaking of domestic savings as a stability factor, Zedillo also said this:

[Begin Zedillo recording] External savings will always be welcome. Nevertheless, we will do everything necessary so that the climate favors investment and long-term participation in our economy as direct foreign investment, if at all possible. [end recording]

Part of the PND's purpose is to combat unfair commercial practices by legal means. Zedillo said that Mexico's basic infrastructure will be improved through public and private investment, which will help attain confidence and stable conditions for investments. He also said that his government will continue to sign commercial treaties with Central America and increase commercial relations with the Common Market of the South, the European Union, and Pacific Basin countries. [passage omitted]

PRI's Relationship With Government Branches Examined

PA0306034795 Mexico City EL FINANCIERO in Spanish 31 May 95 p 44

[Report by Javier Rodriguez Gomez]

[FBIS Translated Text] The PRI [Institutional Revolutionary Party] does not want the president or other leaders to be the ones to appoint candidates to public office. The party asks for respect for the institution, and for leaders to be supervised by the party that placed them in power.

But for this to be possible, it is necessary that candidates for public office owe their candicacy to the party and not to the ruling leader, which demands an active membership and not a "membership in name only."

This is a recapitulation of what was discussed late yesterday during the forum held on the topic "The PRI's Relationship to Government Branches," which was organized by the National Ideology Commission, chaired by Miguel Gonzalez Avelar within the framework of consultations for the party's internal reform.

Luis Danton Rodriguez, deputy in the past legislature who on occasions has "dared" to vote against party views, referred to that situation without mentioning his own experience.

He said that legislators do not always agree with party views, and this has become obvious recently with the approval of the VAT [valued-added tax]. For this reason, he asked all political parties to be allowed to present bills to be able to act responsibly instead of remaining as mere negotiators before a leader who does not always heed their recommendations.

Based on the appropriate distance that should exist between the president and the party, he also asked that, when controversial bills are discussed, the president of the republic first consult his party to try to convince its members and to listen to their objections and suggestions before sending the document to the chambers.

However, Alejandro Diaz Camarena proposed an idea for all attendees' consideration and also stressed some considerations: "Cutting the lines of communication and political negotiation (from the president) to the PRI is a risky strategy, because regardless of its growing disrepute, the PRI remains the indispensable supporter of the country's governability and the government's stability and permanence."

President Zedillo, he added, needs the PRI at least while he is building the new ruling coalition that will emerge from political reform. However, "a tarnished PRI that is undergoing a process of internal disintegration could drag the president down in its collapse, and this is why it is crucial for the federal government to lead the party's internal reform." The policy, he pointed out, should be for reform and not a lack of policy.

The PRI member added that, if the reform of his party fails, the PRI is very likely to face several splits and, finally, a rapid dismemberment. This, he affirmed, would leave the president without a permanent legislative majority, "which could lead to an institutional crisis of unforeseeable proportions."

Many of the speakers agreed on one demand, which was that the candidates for public office should commit themselves, more seriously and thoroughly, to the party's principles and statutes. Javier Aguilar, the PRI leader in Quintana Roo, asked that the PRI be allowed to point out the flaws, mistakes, and corruption of the leaders who emerge from its ranks, rather than relying on other political parties to do so.

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For this purpose, there must be a commitment to the party's principles and statutes, and the candidacies must be supported by the institution and not the ruling leader. So long as this does not happen, there will be little loyalty to the party and all of it will go to the person who nominated the candidate, he emphasized.

This discussion is among the many that are taking place in the country regarding the first topic on the agenda of the party's internal reform, and these debates will produce an agreement that will form part of the report that will be presented before the 17th National Assembly. However, this discussion also reflects the party's agony over the blows it has suffered in recent elections and the criticism it has been subjected to in the past years.

Rodolfo Siller, a party veteran and member of the National Ideology Commission, said the party had been born with an original sin, because the original National Revolutionary Party had emerged as a party once it was in power, and this is how it has remained in power for 66 years.

I regret, he noted, that the PRI is blamed for everything and that it is referred to as the perpetrator of the crisis and other failures when, to a great extent, they are caused by the enormous weight of the presidential government.

"The PRI has the least responsibility for those failures and the crisis. The president is directly responsible for them because he is the one who makes the decisions, while the party merely executes them," he remarked.

Pemex Announces Oil Price Changes for Foreign Markets

PA0206150295 Mexico City NOTIMEX in Spanish 0134 GMT 1 Jun 95

[FBIS Translated Text] Mexico City, 31 May (NOTIMEX) — Mexican Petroleum (Pemex) today announced that the prices of crude oil exported to the American continent, the Far East, and Europe will be changed as of tomorrow.

The adjustments, to be effected by the Committee for Oil Exports (Cocep), intend to keep the Mexican crude oil competitive in the international market, Pemex reported in a press communique.

The prices of Maya and Olmeca crude oil will be reduced by 10 cents a barrel and the price of Istmo oil will be reduced by 15 cents a barrel for customers in the American continent.

The price of Istmo will be raised by five cents a barrel and the price of Maya will be reduced by 15 cents for Far East customers.

Finally, Pemex said that the price of Maya oil will be raised by 20 cents a barrel and the price of Istmo oil will be reduced by 10 cents a barrel for Europe.

Finance Secretary Denies Government Payment Suspensions

PA0206162595 Mexico City EL FINANCIERO in Spanish 30 May 95 p 5

[Report by Sonia Borjas]

[FBIS Translated Text] Monterrey, Nuevo Leon, 29 May — Finance Secretary Guillermo Ortiz ruled out the possibility that the Mexican Government or companies with financial obligations will stop paying foreign investors during the next few months.

During the 7th National Forum of the Mexican Institute of Financial Executives (IMEF), Ortiz said the government will have "bulky" payments to make for some $5.7 billion in Tesobonos [Treasury Bonds] by July or August, but by that time the Federal Government will have at its disposal the second allotment of the credit package granted by the United States.

The government will, therefore, have $10 billion to pay the Tesobonos that are due without any problems.

Next June, the official said, we will have overdue Tesobonos in amounts ranging between $1.8 billion and $2 billion. The payment of the Tesobonos will be done in a timely manner because there are available reserves for over $10.5 billion.

Ortiz pointed out that the most difficult stage, as far as financial matters are concerned, was the first quarter of the year when payments between $15 billion and $16 billion in short term public debt, including Tesobonos, were made. Also, payments of up to $3 billion in Bank Deposit Certificates that were not renewed, were made.

Likewise, the Finance Secretariat said the economic program has shown signs of progress as far as its immediate objectives are concerned. He admitted, however, that the country's main challenge continues to be the job creation, the need to increase domestic savings, and the reactivation of the economy, which during the second quarter of the year, will show a greater decline.

Regarding jobs, he said that in addition to the 1 million new jobs that are needed each year, it is necessary to attack the growing unemployment problem. According to the most recent figures, the unemployment rate currently stands at 5.8 percent in the country.

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Despite the expectations regarding the job creation, the official predicted a "vigorous" growth for 1996 spurred by the increase in exports and the substitution of imports.

Moreover, Julio A. Quesada, director general of Citibank in Mexico, said foreign banks are increasingly interested in participating in the Mexican market through the purchase of national institutions

Foreign banks, he said, see lots of opportunities in the purchase of Mexican banks at low prices.

Meanwhile, Jose Antonio Diaz, director of the Santander Group for Latin America, said the financial opening process is essential in consolidating Mexico's integration into the world economy.

The process will contribute to the acceleration of the system's modernization, will increase competition, and reduce long-term financial service costs.

He said, however, that to achieve a greater strengthening of the system, it is necessary to develop various business sectors, not only the commercial bank sector.

Finance Secretary Defends 5% Growth Target

PA0306175395 Mexico City REFORMA in Spanish 1 Jun 95 p 15

[Report by Martha Trejos, Armando Gasca, Mayela Vazquez, and Yadira Mena]

[FBIS Translated Text] Guillermo Ortiz, secretary of finance and public credit, has said the 5 percent economic growth target, which cannot be achieved before the nation overcomes the economic emergency, is realistic.

Ortiz declined to specify exactly when it will be possible to reach the 5-percent growth target, but he suggested that it will not be before 1997, because, first, the nation still has to overcome the economic crisis.

"I expect that by next year we will begin to see some vigorous economic growth that will surpass population growth levels. From that time onward, we will be able to establish the foundations that will enable us, during the remainder of this administration's term, to meet the targets outlined by President Zedillo," the finance secretary stated.

Interviewed at the Anthropology Museum following the unveiling of the 1995-2000 National Development Plan (PND), Ortiz warned that in order to attain the projected growth levels, fiscal incentives and instruments to encourage domestic savings will have to be put into effect, and, moreover, productivity will have to be increased.

According to the finance secretary, growth will not only take place solely on account of new investments, but also through an increase in productivity. As an example, he noted that in the Asian countries with the highest growth rates, nearly half of the progress can be attributed to an increase in producuivity, and this is why it is fundamental to make additional efforts in this area.

Alfredo Harp, chairman of the Banamex-Accival Financial Group's management council, said sustainable growth levels greater than the 5-percent level established in the PND are perfectly realistic if we take into consideration the incentives announced to promote solid domestic savings.

"Considering the low growth rates we have been experiencing over the past years, it is very logical and plausible that we could attain growth levels greater than 5 percent. With this kind of growth rate, we will be able to recover some of the growth we were unable to attain in the past years, to bounce back, and then create more than 1 million new jobs annually," Harp pointed out.

According to Juan Gallardo Thurlow, president of the Coordinator for Foreign Trade Business Organizations (COECE), the 5 percent growth target could be attained by 1997 once the adjustment process has been completed. Gallardo believes that the objectives proposed by President Zedillo are completely feasible and attainable, but he also explained that the program requires a painstaking assessment by all parties.

Jorge Kahwagi, president of the Mexican Institute of Small and Medium Size Industries, stated that this institute does not expect numerous jobs to be created during 1995.

Meanwhile, Labor Secretary Santiago Onate stressed that the PND encourages the arrival of new investments which in turn will promote more and better paying jobs.

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El Salvador

Calderon Sol State of Nation Address

PA0206232795 San Salvador Radio and Television Networks in Spanish 1622 GMT 1 Jun 95

[State of the nation address by Salvadoran President Armando Calderon Sol at the Legislative Assembly in San Salvador — live relay]

[FBIS Translated Text] Mrs. President of the Legislative Assembly; Deputies; Chief Justice of the Supreme Court and Magistrates; Vice President of the Republic; Ambassadors and heads of diplomatic missions accredited in the country; Cabinet members; San Salvador Archbishop Monsignor Fernando Saenz Lacalle and church authorities; Representatives of international organizations; Military authorities; Governors; Mayors; Ladies and Gentlemen; Salvadoran People:

This morning I am pleased to perform my constitutional duty of reporting to the Legislative Assembly and the Salvadoran people on the activities conducted by the public administration from 1 June 1994 to 31 May 1995. I would like to point out that the ministers will expand upon this report in greater detail at a later date, according to the Assembly's hearing schedule.

One year ago, by the Salvadoran people's free and sovereign will, I assumed office as president of the Republic and solemnly swore before God and the Constitution to lead the homeland on the path of reconciliation within the framework of a state of law and plural and representative democracy. On the day I was sworn in, I outlined a government agenda and defined as clearly as possible the philosophy that would guide my government during my term. At the time, I announced my firm and unwavering determination to continue to build, with the people's help, a new El Salvador; a modern, democratic, and participative country firmly based on the law, safety, honesty, human respect, opportunity, and solidarity. I defined the consolidation of peace as one of the most important objectives of the nation, which we could attain by fulfilling the Chapultepec Agreements, reinforcing our democracy, and fully establishing a state of law where absolute obedience to the law can guarantee the equality and human rights of the Salvadoran people in general.

In defining these objectives in our presidential agenda, I knew I was accepting one of the most difficult and decisive challenges in the country's history, because El Salvador, after the peace agreements were signed, began to emerge from the ashes of war and walk toward the consolidation of peace and democracy. I was aware of the national reality and that only through everyone's effort and sacrifice could our country move forward toward completion of the process to reconcile the Salvadoran family while devoting ourselves to the physical, moral, and spiritual reconstruction of our nation. The armed confrontation caused serious damages amounting to billions of colones. The signing of the peace agreements signified large financial obligations on the government's part. These obligations are also worth many millions of colones, most of which had to be paid from the government's own resources.

Compliance with those unavoidable responsibilities became difficult for financial reasons, because we have received only a portion of the aid extended by the international community to cover the expenses of the peace agreements. The situation worsened with the just expansion of the number of beneficiaries of the peace agreements.

We would like to make a more specific reference to the peace expenditures, which have had a strong impact on public finances given that the total cost has been estimated at 14.77 billion colones, approximately 33 percent of which has been donated by the international community. The government has contributed 67 percent using internal resources and loans. It is noteworthy that thousands of persons linked to the FMLN [Farabundo Marti National Liberation Front] and to the Armed Forces have benefited from the various programs of the peace process.

Of the entire amount needed for the peace agreements, we still need to finance 1.2 billion colones to meet priority needs concerning land transfers, agricultural credit, credit and assistance for small businesses, funds for protection of the handicapped, reintegration into society of the former National Police members, and care for rural and urban settlements.

Thanks to the government's political commitment, the peace agreements have been fulfilled within a satisfactory framework under the opportune observation of Onusal [UN Observer Mission in El Salvador], to whom we express our gratitude for their important services in the cause of Salvadoran peace.

The visit paid to El Salvador by UN Secretary General Butrus Butrus-Ghali and the statements he made in this regard confirm the satisfactory development of the peace process. The last rescheduling of the peace agreement timetable, which was done with the consent of both sides, especially in matters having to do with the reintegration into society of the former combatants and the land transfer program, is a demonstration of the desire to fulfill the final commitments made in the peace agreements within the deadlines.

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It is important to note that the progress made in human rights in the country is unquestionable, as the United Nations verified after concluding its observation work on 30 April of this year. The United Nations praised the government's attitude within the framework of democratization and fulfillment of the peace agreements.

As for the justice system, we assumed the responsibility to work with the other branches of government to take our country's judicial system to the appropriate development levels in keeping with the demands of the new society, which, with the effort of all Salvadorans, we are building on the foundations of peace and democracy. Our objective is to ensure the prevalence of a state of law that guarantees equal rights for all Salvadorans before the law, without privileges of any kind, in order to end corruption and impunity, which have grown in Salvadoran society like a cancer.

We are pleased to see that for the benefit of the improvement of the judicial system in our country, this honorable Legislative Assembly for the first time in history elected by consensus, with the participation of all political currents, a Supreme Court made up of distinguished citizens who, because of their professional record and conduct, will be able to guarantee the prompt and fair administration of justice. We also praise the election of the members of the National Judiciary Council and the Human Rights Ombudsman's Office as these institution are the guarantors of reform in the Salvadoran judicial system.

Crime is one of the most serious problems in our country. Aware of this reality, our government has given top priority to the development and strengthening of the National Civilian Police [PNC] so it can reach as quickly as possible the quantitative and qualitative levels that will allow it to satisfactorily meet the delicate responsibility assigned to it by the Constitution.

During our first year in office, a total of 3,942 new agents graduated from the various levels of the PNC. To bolster the fight against crime, we have resorted to logistic cooperation from the Armed Forces and have given priority to agent training to improve coverage throughout the country. However, current public security requirements exceed our available technical and budgetary possibilities.

It is also important to note that we implemented a prison infrastructure improvement program to face the prison crisis that had been growing over the past few years. We rebuilt and expanded the prisons in Ilobasco, Chalatenango, and Cojutepeque and the Juvenile Center in Ilobasco.

At the beginning of my administration, we committed ourselves to an all-out struggle against poverty, a condition that affects large sectors of our population. We said that attacking this situation at the root requires a long-term effort that goes beyond a single government period. We said our priority social objective is to improve Salvadorans' standard of living because it is necessary to secure social peace and to strengthen our country's integral development. We said that poverty has no political colors. It directly affects 50 percent of the people and indirectly affects the rest of Salvadoran society.

We have restructured the social development plan based on our commitments. The main objectives are: a systematic reduction of poverty; the integral promotion of the people; improving Salvadorans' standard of living and quality of life; and forging a country of opportunities for all with social equity. The essence of this plan is the promotion of human progress and welfare, because that is the purpose of all state activity. That is why available resources are being invested in the education, training, and welfare of the people so all Salvadorans can participate in the transformation and development of the nation.

We are implementing programs to expand and improve the quality of education. That is why the education sector was given the largest budget in this country's history, and we will increase it every year. It is important to note that we have created the National Education, Science, and Development Commission, made up of prominent people from various professions and intellectual currents. We have emphasized the incorporation of teaching methods which instill respect for human rights, nurture a culture of peace, and strengthen our democratic system. We believe it is necessary to teach history, ethics, and civic courses to rescue our nation's cultural heritage. We have been promoting educational reform based on national values that respond to the needs of the new Salvadoran society. That is why we are fortifying Educo [expansion unknown] because it allows the communities, parents, and teachers to participate.

We have also included a literacy program as part of our social development policy, thereby favoring thousands of Salvadorans who are struggling to improve their standard of living through the Literacy and Basic Education Program for Adults [Programa de Alfabetizacion y Educacion Basica de Adultos], in which the Salvadoran Government and nongovernmental institutions are participating.

Another important issue is the Healthy Schools Program [Programa de Escuelas Saludables], which is based on the concept of combining schoolchildren's education,

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health, and nutrition. Parents and teachers are participating in this program, which is aimed at increasing children's productivity and reducing the dropout rate. It also includes improving the physical and environmental conditions of schools and school equipment.

Sports is another important area in our government plan because it is the most suitable means by which to cultivate physical and mental health. It is also an important tool to distance the people from crime and to provide them with healthy recreation. Thus we are determined to support the construction of sports facilities nationwide.

The social development plan also contemplates increasing coverage and improving [three-second break in reception] nationwide to deal with the population's growing needs. To this end we have strengthened the sector's budgetary allotment to provide the resources required to modernize the national health system. We have also created the Interinstitutional Council for Reform of the Health Sector [Consejo Interinstitucional de Reforma del Sector Salud], formed by representatives from the Public Health and Planning Ministries and the Salvadoran Institute of Social Security.

I am pleased to announce that according to UNICEF's latest analysis, we have accomplished 95 percent of the goals established in the Plan of Action for Children during the current year, and in some cases we surpassed the goals set for the year 2000. Additionally, the WHO has confirmed that poliomyelitis has been eradicated in our country.

To improve the efficiency of services and to deal with the growing demand for water for human and industrial consumption, the National Administration of Aqueducts and Sewage [Administracion Nacional de Acueductos y Alcantarillados] is developing projects in the metropolitan area and in over 140 municipalities nationwide worth over 500 million colones. The restoration and protection of the environment are also priorities on the national agenda, because we cannot achieve development at the cost of our natural resources, thus endangering the people's lives and health. In this area, through the Salvadoran Environmental Fund [Fondo Ambiental de El Salvador] and the Executive Secretariat of the Environment [Secretaria Ejecutiva del Medio Ambiente], we are promoting relations with environmental institutions to implement a national ecological strategy.

Our social agenda favors the protection of families — which constitute the basic foundation of Salvadoran society — through the National Family Secretariat. The government is developing programs directed at the protection of women, children, and the elderly.

Another problem that has increased over the years is the high quantitative and qualitative housing deficit. The government, working with the private sector, has adopted policies to promote the construction of thousands of homes, particularly to meet the needs of lower income sectors.

Fonavipo's [expansion unknown] donation programs and loans for the purchase and improvement of homes have benefited 10,236 families, with a total investment of almost 79 million colones. Through the Freedom and Progress Institute, 33,555 home ownership deeds have been distributed to an equal number of families residing in developing communities.

During this administration, the Social Investment Fund has invested a total of 279 million colones into 1,457 projects to meet basic needs such as education, health, potable water, sanitation, environment, nutrition, and other areas. These projects have benefited 575,000 people, mostly women and children.

The National Reconstruction Secretariat has invested a total of 986 million colones on infrastructure, restoration, social, and production development programs. Additionally, it has distributed over 2,000 metric tons of food over the year, benefiting over 700,000 people working on various community projects.

We have made significant progress in the fields of labor and social benefits, thanks to the tripartite efforts to reform labor legislation. We were proud to install the Higher Council of Labor, in which business associations, labor organizations, and government agencies participate on equal terms. We are glad to announce that we are moving forward with modernizing and decentralizing the Salvadoran Institute of Social Security [ISSS], in order to expand its national coverage. We are bringing medical attention to industrial development areas with the installation of community health clinics. During the present administration, the ISSS has registered more than 83,000 beneficiaries, thus expanding its coverage to some 250,000 new beneficiaries. This also demonstrates a significant increase in employment.

Our country has continued to experience strong economic growth, in comparison with the disheartening situations in other nations. This growth rate can be interpreted as macroeconomic stability for the following reasons: the shrinking fiscal deficit; reduced inflation; increased net foreign reserve fund; a stable exchange rate; and reduced unemployment. In addition, there is a significant increase in tax collection. There is growing investment; international recognition for the country's good economic administration; and we have taken the economic leadership in Central America. There is no doubt that El Salvador has a very bright future and that

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it is laying a strong foundation from which to face the challenges that the 21st Century has in store for us.

We have said before that there cannot be economic development if there is no sustained and sustainable social development, which must provide equality and flexibility. Based on this fact, our government drafted a proposal to boost the country's economic development. The proposal was submitted to the various sectors of the Salvadoran community to publicly discuss its contents. The economic platform we drafted seeks the following objectives: To turn economic growth into a tool for overall development; to eliminate the distortions that benefit very few at the expense of the majority; to improve the living conditions in rural areas and hold back migration to urban areas; to increase productivity and opportunities to improve the quality of the lives of the people, particularly those living in extremely poor areas; to strengthen micro and small business; to create better opportunities for progress; and make the country more attractive to tourists and domestic and foreign investment. This will allow us to join the world's production chain, thus creating more businesses and more trade and, consequently, more jobs for thousands of workers.

It is important to highlight that our economic platform focuses on the development of ways to promote well-being and progress for all Salvadorans, by encouraging those with greater resources to finance social programs, particularly those which focus on investing in the individual himself. The gradual elimination of the causes of poverty and social destitution are at the very center of that platform. It is the very axis of the social plan I have just outlined. Another main objective is to create the appropriate structural conditions that will gain us access to the world economy globalization process. Our country can wait no longer to take the basic steps that will introduce it to the new world order. We can only enter, however, through productive efficiency and high competitive standards.

The economic plan also responds to the need to modernize the public sector in order to adjust its structures and functioning to the reconversion that must also be carried out in the private sector. This should be done to bring our country up to date with the new world reality.

Regarding public investments, we report that the government has invested 2.8 billion colons, representing the largest government investment in the last few years. This will benefit the sectors of transportation, communications and postal service, electric power, education, community development, general administration, health, human development, water lines, housing, and others.

It should be pointed out that administrative decentralization is an important element to ensure greater efficiency, coverage, and quality of public services. This will also permit citizens' participation in formulating public policies and the strengthening of the state's supporting role. In this field, since the beginning of our term, we have supported the development of municipal governments, with the purpose of fomenting greater participation in local development programs. Additionally, we have encouraged citizens' participation in the management and implementation of community development projects, because experience tells us that this helps citizens contribute to make government work more active and maximize the investment of budget resources.

Our strategy for the agricultural sector falls within the new conception of sustained agricultural and rural development, which pursues the intensive use of lands with good potential for production. This will permit us to increase food production, to expand agroindustries, and to diversify exports, focusing on creating more jobs and raising agricultural income. Now, important factors are: juridical security, credit facilities, and technical assistance services.

Regarding the Armed Forces, we are pleased to report that in keeping with its mission [two-second break in reception] designed a broad modernization process, which will lead the Armed Forces into higher levels of development and professionalism. This will allow the military to support government policies and achieve national objectives.

In my capacity as general commander, I am pleased to report that the Armed Forces have fulfilled their part regarding the text and spirit of the peace agreements. Part of this compliance is the renovation of the military legislation to harmonize it with the Constitution of the Republic and the contents of secondary laws applicable to the armed institution. The Armed Forces are contributing to the national reconstruction process. They are working together with society in developing important community and national projects.

In light of the crime wave affecting our country, the Armed Forces are providing logistical support to the National Civilian Police for the development of the Guardians' Plan, which is yielding magnificent results in the fight against crime in rural areas.

Regarding foreign relations, our government has carried out dynamic work in international forums and among friendly governments to strengthen the participation of our country before the processes of change that are taking place at the world level. We have participated in the Ibero-American Summit held in Colombia, the Summit of the Americas held in Miami, and the World

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Conference on Social Development held in Copenhagen. We make special mention of Salvadoran participation in the Third World Conference on Population and Development held in Cairo, where the first lady of the nation presented the official position of our country on the defense of life.

At the regional level, we have participated in the presidential summits to continue promoting the Central American integration process so as to achieve the region's participation in the globalization of the world economy. One of the most outstanding achievements in this area was the signing of the Central American Alliance for Sustainable Development and the signing of the Central American Social Integration Treaty in El Salvador.

It is important that we mention that at the presidential level we addressed with special diligence the situation of our compatriots living in the United States, having obtained an extension of their permits to remain there. With the president of the sister nation of Honduras, we shared the concern and desire to resolve the border delimitation issue, which is a human problem involving the nationals of both countries.

We take this opportunity to express, on behalf of the government of the Republic and in representation of the Salvadoran people, our recognition and sincere gratitude to the international community, which has accompanied us throughout the peace process and which has contributed and continues to contribute to the development of the national reconstruction programs.

Messrs. Deputies: We wish to reiterate to you and the Salvadoran people our firm commitment to the consolidation of political peace so as to move toward a social peace that will permit us to continue strengthening our democracy, the state of law, and the reconstruction process, because these are the strategic objectives of the national agenda.

The final fulfillment of the peace agreements is not only the government's commitment but also that of all Salvadoran society, because the nation's peace, reconstruction, and stability concern and benefit all Salvadorans.

The results of the peace agreements show great positive accomplishments and open a horizon of justified hope that we will continue progressing with firm steps in the construction of the new society we want for the present and future generations.

The trauma of the war and all its consequences, which have affected the population physically and psychologically, are being gradually surmounted with the passage of time. They will remain as a reminder of the useless and irrational nature of the use of violence.

Nevertheless, dear compatriots, we should not leave to the arbitrary action of time the healing of the wounds that the conflict opened. It is imperative that, in order to reconcile the Salvadoran family, we deactivate the confrontational mechanisms that promote the social polarization that has caused so much grief and harm to our people. Just as we had the good sense and courage to sign the peace agreements, now we must fill ourselves with the utmost wisdom to continue expanding the accomplishments that we have achieved as a nation and that enjoy worldwide recognition. This entails sacrifice and giving up personal and group positions that run counter to the nation's highest interests. It means that, for the benefit of the nation, we must share the costs of the war and the great benefits of living in a democracy. It also means we must show solidarity in the reconstruction of the country and in the face of the great challenges that the beginning of the new millennium will pose.

With that patriotic and constructive spirit, we issue a fervent appeal to all sectors of national life to work together for the reconciliation of the Salvadoran family and to build a new El Salvador, where we can all live in peace, progress, and liberty.

Yesterday we were pleased to participate in the public ceremony for the signing of the San Andres Pact, which the signatory political parties have proposed to strengthen the country's political, economic, and social stability.

From the beginning of our administration, we made the commitment to lead El Salvador to development, modernization, the consolidation of democracy, and economic growth to bring about social development.

The document called the San Andres Pact: Development, the New Name of Peace, contains a proposal for a national project that would permit macroeconomic stability, economic modernization, investment in the environment, social development, reform of the government sector, the participation of the civilian society, and international promotion.

We take this opportunity to reiterate our invitation to all political parties to join and become part of this great national consensus that will benefit our country's future. We feel it is of vital importance that the political parties, which are aware of the current situation and the challenges of the future, give priority to the achievement of the great national objectives and, for the benefit of our nation's highest interests, achieve the necessary consensus through clear and objective debate.

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Salvadoran People, with great effort and sacrifice we achieved peace, and with work we will achieve progress and well-being for our people. With the same strength and enthusiasm with which we struggled for peace and democracy, we must now hoist the banner of work so as put our dear El Salvador on its feet and make it a country in which justice prevails and the fruits of progress will reach everyone.

Our fatherland has a great future ahead. Our economy is growing at a higher rate than in other nations. We are advancing with sure steps toward the goal of sustainable social development, within which human beings are the essential focus. We are modernizing the institutional structures of our country so as to incorporate them into the global economy.

Messrs. Deputies, we would like to conclude this speech by expressing to this honorable legislative Assembly our recognition of your fruitful and patriotic work to the benefit of the nation. It is in this legislative body where the exercise of democracy reaches its highest expression through ideological pluralism, which enhances and strengthens parliamentary debate.

At the start of our second year in office, we ask for God's help and wisdom to continue leading the country's destiny on the path of peace, justice, progress, and liberty. May the divine Savior of the world bless our people. Thank you very much. [applause]

President Calderon Gives News Conference

PA0206235395 San Salvador Teleprensa Television in Spanish 1705 GMT 1 Jun 95

[News conference by Salvadoran President Armando Calderon Sol with unidentified moderator and domestic reporters following the state of the nation address at the Legislative Assembly in San Salvador — live relay]

[FBIS Translated Text] [Moderator] We will begin with Roxana Hueso of Teleprensa.

[Hueso] Good morning, Mr. President. Your cabinet changes have already been announced, but not specifically the acceptance of Foreign Minister Oscar Santamaria's resignation. We would like to know who will replace him. Second, how will the national pact work with the opposition parties saying they are reserving their opinion as to whether they will sign it.

[Calderon Sol] Yes, the names have already been released in a press bulletin, and the new government cabinet members will be sworn in this afternoon. The Presidential Information Secretariat will make the announcement. The acceptance [two-second break in reception] from 1 July. The foreign minister will accompany us this month to honor pending commitments. On 1 July we will announce the name of the new foreign minister. Changes have been made, some resignations have been accepted, and the Information Secretariat has informed the media.

As for the positions of political parties, yesterday and today we reiterated our invitation to all political forces to join, enrich, and contribute all their creative potential to the San Andres Pact. We are open and want as many political parties as possible to join. We believe they have the last word. I do not think anyone has questioned the document's objectives. You have seen the degree of acceptance with which it has been received. They themselves have said it is very valuable to the country. In other words, we are sure they will join the San Andres Pact, which is something we hope for the benefit [three-second break in reception].

[Moderator] Ivette Morales of Tele Doce.

[Morales] Good morning, Mr. President. I would like you to answer two small questions. First, there are rumors that rates for basic services such as water and electricity will be increased. I would like you to give me the official word on whether this is true. Second, ECLA [Economic Commission for Latin America] and Flacso [Latin American School of Social Sciences] claim that poverty indexes in El Salvador have increased over the past few years. I know that eradicating poverty is one of your priorities, but according to these reports, which I can show you, the indexes, the percentage of people living in extreme poverty, have increased from 56 percent to 74 percent over the past few years.

[Calderon Sol] Indeed, poverty increased a great deal in the country during the war. We all know that poverty grew during this decade, referred to as the lost decade because it was a sterile and totally lost decade. The country contracted and poverty increased. With the outbreak of peace, and during our party's previous administration and the current administration, poverty levels have fallen. What you say is true. The country [three-second break in reception] poverty increased enormously during the lost decade. Now we are making up for lost time, and that is precisely the reason for this invitation to join the pact: to further expedite growth and development and to lead El Salvador to levels of equal opportunity for everyone. I believe our struggle is to fight poverty in El Salvador.

[Morales] Regarding the question on increases in water and electricity rates, please.

[Calderon Sol] Look, no....[pauses] We need to ask the officials handling the technical sides of these institutions. The truth is that there are serious problems. You drink the water, but thank God we are facing the

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problem. More than 145 municipalities are being supplied with this vital liquid — all the metropolitan areas — Soyapango, Ciudad Delgado, Mejicanos, Ayutuxtepeque, San Martin. A complete change is being made to the water infrastructure to improve the water supply to these areas. I can say that the question can be answered by the technicians in these institutions.

[Moderator] Beatriz Bellozo from the "Up-To-Date" newscast.

[Belloso] Mr. President, I would like you to be more specific about the changes. Why was Roberto Angulo replaced [two-second break in reception] and where will he be transferred? Also, why was Valdivieso chosen deputy minister of transportation?

[Calderon Sol] I do not believe that any cabinet position is permanent. We are all subject to changes. I think Roberto Angulo has done a good job, but there is also renewal. It is not a question of whether, in a party or in a government, all persons move to fill and remain in public positions. There are people who have participated and who are currently participating who want to contribute to enrich the government. In that sense, these changes have been made.

[First unidentified reporter] [Words indistinct]

[Calderon Sol] He is not going to be transferred now. We have not thought of transferring him to any institution.

[First reporter] Could you please list the changes that have been made?

[Calderon Sol] That was already done in a bulletin. That information has already been given to the media.

[Moderator] We invite you to this afternoon's swearing in ceremony. Frank Martinez of "Cuatrovision News" newscast will now ask a question.

[Martinez] [Words indistinct]

[Calderon Sol] Yes, of course.

[Second unidentified reporter] Good morning, Mr. President. A recent survey was released yesterday conducted by [two-second break in reception] your government [two-second break in reception] did not pass the test.

[Calderon Sol] Listen, that is ridiculous. My only comment is this: In a similar fashion, the UCA [Central American University] presented a poll, when the Salvadoran people gave me their overwhelming vote, which said the FMLN [Farabundo Marti National Liberation Front] would win. That is what the UCA said. The people know what these polls are worth.

[Moderator] Gerardo Lopez of LA PRENSA GRAFICA.

[Hernandez] Good morning, I am Alfredo Hernandez, also of LA PRENSA GRAFICA. I am substituting for Gerardo. Mr. President, how fruitful will tomorrow's meeting with the Honduran president be, considering that there are many sectors in Honduras which are in favor of dual nationality for Salvadoran citizens who reside in the former undelimited border areas.

[Calderon Sol] We must talk about precisely that issue. I am an optimist. I believe two brotherly countries such as El Salvador and Honduras must find solutions to their bilateral issues. I believe we have to solve our border issues. We are going to find a solution to this human issue, which is a reality. In fact, Honduran President Roberto Reina is a specialist in international law. He is a cultured man and [two-second break in reception] he is a man who understand the problems of humanity. In that respect, we have a excellent collaborator. He is an exceptionally educated man. I believe history has placed him in this situation to find a permanent solution to these problems. I hope that during tomorrow's visit we will talk more about these issues and will advance toward the solution of the human problems of our compatriots on the border.

[Moderator] Carlos Dominguez of Nueva Vision.

[Dominguez] Good morning, Mr. President. Since the signing of the agreement yesterday in San Andres, there has been much talk that some sort of benefit would be established for the Democratic Party, including — it is speculated — the possibility of participating in the government. What is more, some sectors criticize this and say the U.S. Embassy might be behind it.

[Calderon Sol] Listen, I think sometimes analyses are made according to the saying: Each man judges according to his condition [Ladron juzga por su condicion]. I believe the San Andres Agreement transcends political scheming and opportunism. The San Andres Agreement [two-second break in reception] which you can read, analyze, and see, has the transcendence to view the national prospects and envision a plan for the nation to see much farther. It sees a future El Salvador. There is no further commitment than that of complying with the peace accords.

I think there will always be political actions revolving around the agreements. There are still political opportunists, politickers. We must get rid of all those situations and look towards the country we want to build. I think some of us are already doing this. I think we will gradually create a consensus through debate and that we will all unite because, as you see, no one has questioned

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the document, except maybe the procedure. The document is admirable and not one sector has raised doubts about it.

[Moderator] Norma Jimenez of Eco Television. She is absent. Antonio Mineros.

[Mineros] Mr. President, I would like to recall the San Andres Pact. How can it be explained to the people that a pact like this is signed only between a party in formation and [two second break in reception] ARENA [Nationalist Republican Alliance]? Most political parties, even those which in the past have been ARENA's allies, such as PCN [National Conciliation Party], refused to show up after attending a private enterprise meeting presided over by Roberto Ilanova, ANEP [National Association of Private Enterprise] president. The question is, how to explain to the people why there is no unity in a pact of this nature. Jorge Martinez Menendez is a politician and friend of yours. He said, quote, that your government has succeeded in unifying the people in a year but that this unity worked against you. I would like to hear your opinion on the two items, please.

[Calderon] Look, Dr. Martinez is a childhood friend and a political adversary. You, who sided with me in the elections, know well the difference between the number of votes he received and the number of votes that I received. A person's position should be assessed objectively. He and I can be friends, at the personal level. Politically speaking, however, something keeps him from seeing clearly. I think you asked the wrong question, Tony. It is true that Martinez and myself are friends but we are also political adversaries [one second break in reception]. I am a personal friend of his. There is a clear explanation. The document states it. The parties have tried to limit the debate as to whether VAT [Value-Added Tax] is approved or not. But that is not the correct position. The document goes beyond that. The situation will clear itself with the passage of time. You have observed the private enterprise's support for the document and the San Andres Pact. This support is a reality. The labor and peasant sectors also support the document. I think the political parties should reconsider their position. We have reaffirmed that we are willing to receive them so they can enrich the country. I think debate is substantial for the country's life. We have proven that we are essentially democrats and that the country is on a different, modern course. The country has progressed politically and they can make it richer. We hope they will reconsider and join this great initiative.

[Moderator] Rosy Castillo of (?Radiopolis).

[Castillo] Criticisms come and go. Last night several ARENA founding members complained about your alliance with Joaquin Villalobos, a person whom they described as one who destroyed El Salvador. They say he should go out and gather funds for the country's reconstruction instead of castigating the people with a VAT increase. If the founders have rejected this position, why have they not attained unity?

[Calderon] It would be necessary to identify them by name because I have been getting many anonymous letters. If you tell me their names, Rosy, I could regard your question as valid. [One second break in reception] the founding members' names. First, I dislike getting anonymous letters. In addition, I will not answer a rather obscure question. Second, this confrontational language has been left behind. I think we now have a new country. Peace and reconciliation are a reality in the country. Some people are likely to have lagged behind but they are slowly moving forward. I think the number of people who think like that is gradually being reduced. I will not request from you the names of those you say are founders, because I do not think those people exist.

Guatemala

Special Prosecutor Confirms Bamaca Not Killed in Combat

PA0206172795 Panama City ACAN in Spanish 1635 GMT 2 Jun 95

[FBIS Translated Text] Guatemala City, 2 Jun (ACAN-EFE) — The Guatemalan Prosecutor General's Office has confirmed that Guatemalan guerrilla Efrain Bamaca, husband of U.S. citizen Jennifer Harbury, did not die in combat, as the Army has maintained since the incident took place on 12 March 1992.

Julio Arango, special prosecutor investigating the case, stated on Thursday [1 June] that Bamaca's corpse was replaced with the body of a guerrilla defector, Cristobal Che, who later joined the Army. According to Arango, the dead soldier Che, known in the military's G-2 intelligence service as "Valentin," was murdered and his body was placed at the site where the clash between soldiers and guerrillas took place.

"The body of the dead man picked up at Ixcucu Bridge (in the southern department of Retalhuleu) was disfigured, because he had been strangled and his skull and face were crushed," the Guatemalan prosecutor asserted.

Varying versions indicate that Bamaca, known in the Revolutionary Organization of the People in Arms (ORPA) as "Commander Everardo," was captured alive and was later questioned and tortured by G-2 officers and agents. One of these reports was attributed to military intelligence agent Nery Urizar, who two weeks

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ago accused high-ranking military officers of capturing Bamaca alive. Urizar, alias "Ojiva," detailed the times, dates, places, and ways in which the bodies of Che, who was under his command, and of the guerrilla were swapped.

Santiago Cabrera, a former soldier now living in exile in the United States, also said in 1993 that Bamaca, whom he knew, was held at Guatemalan Army garrisons in Coatepeque, Quetzaltenango, and San Marcos, towns in the southwestern part of the country.

Prosecutor Arango revealed that an autopsy performed on the body found in Retalhuleu confirmed it was Che's corpse. Arango refused to advance a hypothesis on Bamaca's whereabouts, who, according to U.S. Congressman Robert Torricelli, was murdered by the military following his arrest.

Jennifer Harbury, the widow of the guerrilla who arrived in this capital on Monday to try to clarify her husband's death, told ACAN-EFE that on Wednesday she traveled to San Marcos Department, where Bamaca is thought to be buried. Harbury, 43, visited the military base of Cabanas, near the village of La Montanita, a post under the jurisdiction of the San Marcos General Garrison in the western part of the country. "We did not find anything specific in the place, although it is possible that Efrain may have been buried there," the U.S. citizen remarked.

The U.S. Government had informed her of the site, Harbury added. The U.S. attorney is in Guatemala accompanied by Scott Wilson, an aide of Torricelli, and Amnesty International representative James O'Dea. Torricelli has accused Colonel Julio Alpirez of being responsible for Bamaca's death and the slaying of U.S. citizen Michael Devine.

Honduras

Honduran, Salvadoran Presidents' Declaration

PA0506041295 San Salvador EL DIARIO DE HOY in Spanish 3 Jun 95 p 83

[Joint Declaration signed by Honduran President Carlos Roberto Reina and Salvadoran President Armando Calderon Sol on 2 June in Choluteca, Honduras]

[FBIS Translated Text]

THE PRESIDENTS OF THE REPUBLICS OF EL SALVADOR AND HONDURAS, GATHERED IN THE CITY OF CHOLUTECA, REPUBLIC OF HONDURAS, ON 2 JUNE 1995

Aware of the need to strengthen and give new impetus to the traditional relations of friendship and cooperation between our people and governments; always inspired by the Central American integrationist ideals; and convinced that peace and respect for our states' dignity are essential to sponsor fruitful cooperation between our two nations, we have agreed to the following:

JOINT DECLARATION

FIRST: They declare their conviction that preferential treatment must be given to compliance with international obligations acquired by their governments, to demarcate the border between the two states as established by the General Peace Treaty dated 30 October 1980 and the International Court of Justice Ruling issued on 11 September 1992; and to effectively respect and guarantee the rights acquired by persons who have been affected by the ruling, particularly dealing with the nationality, property, possessions, and rights inherent to a human being.

SECOND: They reiterate that the International Court of Justice ruling issued on 11 September 1992 has resulted in equally important and mutually binding obligations for the two states: a) The physical demarcation of the border delimited by the previously mentioned instruments; b) Respect and guarantees for all people's rights in connection with the zones that were involved in the controversy — such as opting for the nationality, property, possessions, ownership, and other rights inherent to a person.

THIRD: To guarantee these persons' tranquility and confidence, the two presidents pledge to maintain and respect their personal and genuine rights — a pledge that civilian and military authorities will abide by when fulfilling their duties. In this case it calls for a careful and respectful attitude in their relations with the people, to propitiate an atmosphere of mutual respect, confidence, and reciprocal cooperation and safety.

FOURTH: The two presidents recognize the border demarcation is an obligation for the two governments. Thus, the two governments will immediately proceed to continue the demarcation according to a timetable coordinated by the Special Demarcation Commission — which operates according to an International Agreement signed on 11 February 1986 — to immediately comply with an agreement reached in the commission's Document 04-94.

The two governments agree to expedite the demarcation work by using modern technology. Referring to this, parallel to the demarcation work using traditional methods, the two governments will jointly request financing to purchase modern equipment, preferably with the Central American Bank of Economic Integration.

FIFTH: The two governments reassert that the solution of nationality, ownership, and possession problems is

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equally binding, within the framework of International Laws in general and the 1980 General Peace Treaty, and according to the mandates of the International Court of Justice ruling. The ruling states the problems must be solved fully respecting acquired rights and within a framework of order and humanity, through a bilateral legal instrument that will be presented by the Binational Commission to the governments within 40 days of this date. The instrument will definitely guarantee those rights, and its effects will be regulated according to the norms of international law.

SIXTH: The two obligations must be immediately, simultaneously, and unconditionally fulfilled.

SEVENTH: They reassert their pledge to sponsor and implement development plans that are of vital and mutual interest for the two countries, particularly shared hydroelectric generation plans; highway infrastructure plans to facilitate communication, traffic, and trade between the two countries, with Central America and the rest of the world. The implementation of urgent plans for joint border development, health, education, environment, and others, to raise the people's welfare levels at the border zones by optimizing the use of natural resources. Referring to this, we have issued instructions to ministers and the appropriate agencies for the preparation and implementation of those plans, identifying adequate sources of financing, including international cooperation.

EIGHTH: They agree to instruct the Demarcation Commission, Binational Commission, Juridical Commission, and Special Technical Census Commission to resume their work session this month. And, aware of the need to carry out executive mechanisms within this new impetus to bilateral relations between the two states, they consider appropriate the creation of an Executive Commission in the two countries, to implement presidential accords and propose plans that it considers necessary.

NINTH: They state that fraternal relations between their people remain unalterable, inspired by the lofty ideals of the Great Central American Motherland, of two nations united by history, traditions, and a common destiny.

[Signed] Armando Calderon Sol, president of the Republic of El Salvador;

Carlos Roberto Reina, president of the Republic of Honduras

Nicaragua

Hondurans Release Officer Captured in Naval Incident

PA0206180295 Panama City ACAN in Spanish 1531 GMT 2 Jun 95

[FBIS Translated Excerpt] Managua, 2 Jun (ACAN-EFE) — Officer Henry Martinez, a member of the Nicaraguan Navy who was captured by the Honduran Army in the Gulf of Fonseca (Pacific Ocean) following an incident at sea, has been handed over to Nicaraguan authorities, it was reported in Managua today.

Corvette Lieutenant Henry Martinez was captured while guarding a Honduran-registered craft that had been detained in Nicaraguan waters because it was fishing illegally in the Gulf of Fonseca, whose waters are shared by Nicaragua, Honduras, and El Salvador.

The officer was released yesterday after a meeting between Lt. Colonel Manuel Rivas, chief of the Nicaraguan Navy, and Colonel Bruno Fontana, chief of the Honduran Navy, who inspected the site of the armed confrontation between the Nicaraguan and Honduran patrol boats in the gulf. [passage omitted]

Cuadra Announces Changes in Structure of Armed Forces

PA0206211695 Managua EL NUEVO DIARIO in Spanish 30 May 95 pp 1, 8

[Report by Aura Lila Moreno]

[FBIS Translated Text] General Joaquin Cuadra, commander in chief of the Army, has promoted several officials and has made changes in the structure of the Armed Forces. An important change was Colonel Lenin Cerna's promotion from Army inspector general to adviser of the Political, Defense, and Security Command [Comandancia de Politica, Defensa y Seguridad].

Another important change was that of Lieutenant Colonel Ricardo Wheelock, until yesterday the chief of the Directorate of Public and Foreign Relations, who was replaced by Colonel Jose Garcia Estrada. Wheelock will become chief of the Center for Military History.

Cerna will be replaced by Colonel Oswaldo Lacayo Gabuardi as Army inspector general, and Lieutenant Colonel Ramon Ernesto Soza chief of the Special Disarmament Brigade is now Civil Defense chief of staff [jefe del Estado Mayor de Defensa Civil].

Supreme Court Asked To Review Cases

These changes were announced during a promotion ceremony. Cesar Delgadillo and Jose Garcia Estrada,

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both lieutenant colonels, were promoted to colonel; three majors and 240 other officials, including captains, first lieutenants, lieutenants, and deputy lieutenants, also were promoted.

At the ceremony commemorating General Augusto Sandino's 100th birthday, Gen. Cuadra said he had sent a letter to Supreme Court President Orlando Trejos, "requesting a review of the proceedings handled by Military Auditor's Office in relation to cases of interest to the Tripartite Commission." Cerna added that procedures outlined by the Comptroller General's Office were being followed in the military's efforts to comply with the Law of Moral Integrity of Officials and Public Servants, regarding the presentation of the declaration of assets, debts, and obligations of Armed Forces members who are required to do so.

Trejos Blames Power Outages

"The path of confrontation, deterioration, and instability can only limit the possibilities of creating a prosperous and vigorous nation," Cuadra said in commenting on the Army's position regarding the current institutional crisis.

In this sense, Cerna said the rulings and resolutions of the country's courts and judges, "must be strictly obeyed by state authorities, institutions, individuals, and legal entities." He stressed his institution firmly believes that full compliance with the Constitution and the nation's laws gurantees the strenghthening of institutionality.

Regarding demands from some sectors to speed up pending rulings, particularly those dealing with the petition of amparo against the reformed constitution, Supreme Court President Trejos atributed the delay to power outages.

Following the Law and Constitution

"We have good intentions, but power outages are making it difficult," Trejos said. Regarding this statement by the Supreme Court president, Presidency Minister Antonio Lacayo said he did not believe the delay was being caused by electricity failures.

Nevertheless, he added: "It is possible, because of the severe damage sustained by the power plants, but, if that is indeed the problem, then we can make arrangements to expedite the rulings."

Returning to Gen. Cuadra, he reiterated, "Those people who are blinded by partisan ambitions or sectorial and personal interests, and who want to achieve specific objectives at the expense of national interests, will find a firm and resolute position from those of us adhering to the law and the Constitution."

Panama

Legislative Assembly Resolution Opposes Helms-Burton Bill

PA0306155595 Panama City LA ESTRELLA DE PANAMA in Spanish 3 Jun 95 p A11

[FBIS Translated Text] The Panamanian Legislative Assembly has issued a resolution expressing its opposition to a draft bill being discussed in the U.S. Congress. This bill, sponsored by Senator Jesse Helms and Congressman Dan Burton, is designed to punish those doing business in Cuba.

The Legislative Assembly noted that the Helms-Burton bill is designed to curb Cuba's commercial relations with more than 2,500 firms in 109 countries, of which 600 have offices in Cuba. The assembly added that this initiative represents an affront against the free trade rights of these companies, which include a number of Panamanian commercial enterprises.

The assembly denounced economic pressure by a foreign Congress as an instrument of coercion in international relations, particularly at a time when embargoes and blockades are prohibited by accepted international law. The approved resolution reiterated the need to end the coercive measures of imposing an economic, commercial, and financial blockade against the Cuban people. It also called on all international organizations to consider the severe consequences the approval of the Helms-Burton initiative would have.

Assembly Panel Chairman Welcomes U.S. Envoy's Appointment

PA0306151195 Panama City EL PANAMA AMERICA in Spanish 3 Jun 95 p 3A

[Report by Carlos Anel Cordero]

[FBIS Translated Text] Yesterday, the Legislative Assembly ratified the Mutual Legal Assistance Treaty (MLAT) signed by the Panamanian and Colombian Governments in November 1993.

Oyden Ortega, chairman of the Legislative Assembly's Foreign Relations Commission, noted that the MLAT will now make it possible to expedite legal, as well as migration, procedures between the two nations. The Foreign Relations Commission chairman added that this type of agreement is extremely important, especially for neighboring countries such as Panama and Colombia. Ortega also noted that the most important aspects of this agreement are that there will be more cooperation in legal issues, both countries will maintain their respective sovereignty, and there will be no interference in one another's internal affairs.

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Meanwhile, Ortega welcomed the appointment of a new U.S. ambassador to Panama, which will eliminate the current void that exists between the two countries, which have not been maintaining diplomatic relations at the highest level possible because of the absence of an ambassador.

He pointed out that the presence of a U.S. ambassador in Panama is vital, given that the Canal Treaties are now entering a critical phase in which major assets under U.S. control along the Canal are scheduled to be reverted to Panama within the next few years.

This week, U.S. President Bill Clinton designated William Hughes as ambassador to Panama. Over the past few months, the position has been vacant and Charge d'Affaires Oliver Garza as been acting as the U.S. representative in Panama.

Antidrug Trafficking Treaty With Colombia Approved

PA0306214995 Panama City LA ESTRELLA DE PANAMA in Spanish 2 Jun 95 p A-14

[FBIS Translated Text] The full National Assembly approved an agreement between the governments of the Republic of Panama and the Republic of Colombia related to measures to prevent the trafficking of precursor chemicals and basic substances.

The objective of the agreement is the adoption of appropriate measures to eradicate drug trafficking, which severely undermines citizen safety, social harmony, and public health.

The National Assembly also approved a Mutual Legal Assistance Treaty [TALM] on penal issues between the republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, intended to strengthen cooperation between all institutions within the justice system in the Central America region.

The treaty includes the taking of affidavits and precautionary measures, locating missing persons, as well as any other assistance requested by the contracting nations.

On the other hand, the treaty excludes the arrest of individuals for purposes of extradition, as well as requests for the extradition and transfer of judicial proceedings of criminals in order for them to carry out their sentences.

Water Supply Problems Threaten Espinar, Davis Reversion

PA0406192195 Panama City LA PRENSA in Spanish 4 Jun 95 p 1A

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] The successful reversion of Ft. Espinar and Ft. Davis in Colon could be in jeopardy just three months from the date the United States is scheduled to give Panama jurisdiction over these two installations which represent the most significant assets the country will receive this year. The reversion of these two bases is being threatened by the fact that IDAAN [National Water and Sanitation Institute] is "incapable" of operating and maintaining the potable water supply systems for the installations.

LA PRENSA has gained access to a document describing the situation. The document advises the Interoceanic Region Authority (ARI) Board of Directors of this "serious" problem. The issue is described as being one requiring "urgent" consideration.

ARI sources informed LA PRENSA that high-ranking government officials, including Adolfo Ahumada and Foreign Minister Gabriel Lewis Galindo, would be traveling to Taiwan within the next few days to promote the installation of factories on Ft. Espinar. The goal is to turn the installation into an industrial park.

One IDAAN source told LA PRENSA yesterday that it is impossible to install any kind of company there, "as long as there is no dependable water source in the area. No one can live without water."

The Panama Canal Commission [PCC] has expressed its interest in renting many of the housing units on Ft. Davis from the Panamanian Government after reversion to house its employees on the Atlantic side.

In a memorandum, ARI's Planning and Programing Directorate [DPP] [Direccion the Planificacion y Programacion] notes that an IDAAN representative by the name of Yolanda Escala explained the "serious situation" IDAAN is experiencing. IDAAN "will be unable to assume responsibility for managing the potable water and sewage systems at Ft. Espinar and Ft. Davis."

The IDAAN official made these statements on 20 April during the second preliminary technical meeting to examine infrastructure support for the 1995 reversion package, which includes Espinar and Davis. The meeting was sponsored by ARI's DPP and included representatives from the Institute of Hydraulic Resources and Electrification, the National Institute of Telecommunications, IDAAN, the Metropolitan Sanitation Directorate, the National Police, and Colon Municipality.

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A memo addressed to acting DPP Director Lucas Patino acknowledges that "this situation is serious," and it states the need to look for other alternatives to provide potable water and maintenance service to these areas before 1 September. According to IDAAN sources, the PCC operates a water plant on Mount Hope, from where the two forts and part of the city of Colon get their drinking water. IDAAN Executive Director Jose Fierro recently said the institute does not have enough qualified personnel to meet consumer needs.

In a letter dated 3 May 1995, Fierro advised ARI President Carlos Mendoza that IDAAN "is facing severe financial limitations and resource shortages. This also limits the institute's ability to expand its maintenance services in a swift and timely manner, especially when expansion requirements are not accompanied by corresponding financial support."

Fierro was speaking about the services IDAAN must provide for Espinar and Davis. In the same letter, however, Fierro notified Mendoza that the agency is "taking appropriate steps to assume responsibility for operating and maintaining the required services."

Acting DPP Director Patino told Mendoza IDAAN "has unofficially informed us it will be unable to take over the operation and maintenance of potable water and sewage systems. This fact is hindering the successful reversion of these bases in September."

Patino explained that in light of this unexpected event, the DPP has approached several international organizations that could be in a position to provide water services for the area. He warned, however, that "because of limited time and resources," it is imperative to establish guidelines for negotiations with IDAAN and these foreign agencies.

Espinar covers 140 hectares and has, among other installations, a total of 331 family housing units, dozens of two- and four-unit buildings, hundreds of single units, dormitories, an elementary school, warehouses with more than 2,000 square meters of storage space, a motel, a chapel, a grocery store, a service station, and a sewage treatment plant.

Davis covers 1,650 hectares, and it has businesses, a coffee shop that seats 180 people, two community clubs with a joint capacity of 500 people, a school for 330 students, a theater for 600, outdoor recreation facilities, nearly 15,000 square meters of storage space, dormitory facilities for 1,200 people, and hundreds of single and multiple housing units.

President Urges Removing Politics From Canal Reversion

PA0506022195 Panama City LA PRENSA in Spanish 3 Jun 95 p 1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Excerpt] President Ernesto Perez Balladares stated that he is not empowered to dismiss Social Security Fund [CSS] Director Ricardo Martinelli, and that he is surprised Martinelli and the CSS doctors are going through a crisis because these doctors are the ones who nominated Martinelli for the post.

Perez Balladares met with the local press yesterday at the presidential residence and talked about the CSS situation, the canal areas that will revert to Panama, the crisis at the IDAAN [National Water and Sanitation Institute], the draft on the Universalization of Tax Incentives (PUIT), and labor code reforms. [passage omitted]

Speaking about the reverted areas, he said that "we have tried to adjust the reversion system and change some things according to our interests." He added that the government "will first receive the installations that generate revenue, leaving those that cause expenses for later, for the following phase."

He confirmed that the issue of the canal should be separated from political issues, because otherwise we would be committing an error that would harm all Panamanians. He added that the important thing for Panama and the United States is the fulfillment of the provisions of the Torrijos-Carter Treaties. [passsage omitted]

President on Loss of Jobs at U.S. Bases

PA0206150495 Panama City LA PRENSA in Spanish 31 May 95 p 2A

[Report by Rolando Rodriguez B. and Ibeth Vega G.]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares yesterday said the government will not provide jobs for the 800 Panamanian employees who will lose their jobs at U.S. military bases located along the banks of the Panama Canal. Perez Balladares also told Colon Free Zone businessmen that they need to contribute to the country's development through taxes, just as the rest of the Panamanian people are doing.

During an improvised news conference while on a working tour of Arraijan, Perez Balladares said the dismissal of the employees from the U.S. bases was not unexpected, because the Torrijos-Carter treaties had scheduled this According to the president, these

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employees will have no difficulties in finding jobs in the private sector.

"What we must not assume or expect is that the Panamanian Government should be the one to provide them with jobs," the president said. He added that, in his opinion, this would be "impossible, even if I wanted it, and I do not like to fool anyone," he said.

The president noted that the Panamanian people agreed, by signing and approving the Torrijos-Carter treaties, to make sacrifices in their efforts to assume ownership and administration of the Panama Canal.

According to Perez Balladares, the employees who will be dismissed have enough time to find jobs in the private sector, and he hopes that even though they will lose their jobs, they will not join the ranks of the unemployed.

As for the imposition of a 1.5-percent import tax on Colon Free Zone concession holders, Perez Balladares said, "The government is in the best position to reach an agreement that could signify a reasonable contribution to the nation's needs without significantly hurting the interests of Colon Free Zone businessmen."

The concession holders have created wealth, and "the only thing we are asking from them is to contribute to the country's development with their taxes, as all Panamanians are doing."

Perez Balladares, who dismissed criticism from the opposition, which is claiming the government is wearing itself out because of the economic program it is promoting, said the protests staged by workers, students, and businessmen are being prompted by the fact that there are groups of people that "intend to maintain the status quo."

He said these people feel they are being adversely affected, because privileges and "things they have and enjoy will be taken away, but we have to remain convinced that we are doing this for the good of the majority, not for small groups."

The president denied the government is holding talks with those union leaders who oppose the Labor Code reforms, but he reiterated the invitation to have them join the dialogue being conducted by the Tripartite Commission that is reviewing the reforms.

The Single National Union of Construction and Related Workers (SUNTRACS) and dozens of other labor unions oppose the Labor Code reforms and have announced an indefinite strike, but they have yet to announce a date on which it will take place.

According to the president, the way to resolve differences in the country is through dialogue and "not through useless confrontations and insults being shouted on the streets." He added, however, that he is willing to hold talks with SUNTRACS, but also said he cannot personally commit to negotiations. These should only take place within the context of current talks, specifically with the Tripartite Commission.

Moreover, Perez Balladares said he does not rule out the possibility of asking the United States to postpone the turning over of certain installations that must revert to Panama in the next four and one-half years as stipulated by the treaties. He added that the reversion timetable was not worked out by his government or the previous government, but by Washington.

Meanwhile, PRD [Democratic Revolutionary Party] President Gerardo Gonzalez said it is the government's responsibility to seek a resolution of the problem that has emerged with the dismissal of the 800 Panamanian workers from the military bases.

According to Gonzalez, the PRD will exert pressure on the government of Perez Balladares to provide government sector assistance to those workers who will be dismissed. The PRD president said that although it is true the dismissals were already accounted for in the treaties, the government must help resolve the situation.

Meanwhile, Deputy Foreign Minister Omar Jaen yesterday stated his concerns over the future increase in the unemployment rate.

He added that in light of current labor conditions, Panama obviously does not have the ability to absorb the employees who will be dismissed from the military bases, "and this is why the government wants to change the labor market by promoting new investments, which will lead to the creation of more jobs within the reverted areas themselves."

ARI Board Member on Cleaning Up U.S. Military Bases

PA0306013095 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jun 95 p A-1

[Report by Cristobal A. Chen]

[FBIS Translated Text] Stanley Muschett, an Interoceanic Region Authority (ARI) board member, has said "it is almost impossible" to clean the military bases "totally." He also has revealed a new bill on this issue will be presented to parliament. Muschett has told LA ESTRELLA DE PANAMA "all the involved parties must join forces so we can increase the level of cleanliness" at the military sites that will revert to Panama.

He also has reported that a technical commission, comprised by the University of Panama and the Santa Maria La Antigua University, is backing the ARI in

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preparing and assessing a new project directed at the cleaning up of the military bases. "The Binational Committee is also assessing the situation to present a proposal in this respect that will further our country's best interest," the ARI official has said.

According to an ARI report, Panama has only received 10 percent of the U.S. military installations and sites that have been established in the country since 1979. Fort Espinar, on the Atlantic side, will be turned over to Panama in September 1995, in accordance with the reversion program schedule.

Referring to the reduction of Panamanian personnel at the U.S. bases in Panama, Muschett has said "the law that created the ARI also establishes that people who lose their jobs in those areas will be given employment priority in any of the ARI projects."

Experts Discuss Departure of U.S. Bases

PA0506003895

[FBIS Editorial Report] Panama City Circuito RPC Television in Spanish at 1530 GMT on 6 June broadcasts a live debate on the regularly scheduled "Open Forum" program. Participants include Ruben Dario Carles, former presidential candidate; Carlos Gonzalez De La Lastra, expert on canal matters; Oyden Ortega, legislator of the Revolutionary Democratic Party, PRD, and president of the legislative Assembly's Foreign Relations Commission; and Arturo Thomas, secretary general of the union, Local 907. The one-hour program is hosted by Hugo Famania at the station studios in Panama City. The discussion deals with the departure of U.S. military bases, the accompanying loss of jobs by Panamanian workers, and measures Panama should adopt to prevent job losses.

The discussion begins with Famania asking Local 907 leader Thomas about measures adopted in light of these dismissals. Thomas replies that banks are not lending money to Department of Defense employees anymore and adds the union is not prepared to face the situation.

Famania then asks Thomas whether his organization has truly assessed the concrete effect the measures that are being adopted will have on the workers. Thomas replies: "The net loss has not been as devastating as we had thought. In other words, most of the workers who were affected, 362 to be more specific, were temporary ones. These workers had been hired for one or two years, and their contracts had been extended later to four or five years."

Responding Famania's question on how the wealth of the reverted areas will be tapped, canal matters expert Gonzalez De La Lastra runs down plans for military bases in Colon area.

Famania then asks Gonzalez De La Lastra about the reality of people losing their jobs. He answers: "It is not that people are losing their jobs, rather, some jobs are being lost while others are being created. For instance, the opening of Northern Coco Solo Port will double the number of jobs, and if we change the system and the ports and the Colon Free Zone remain open 24 hours, just on the Atlantic side, we can triple the current number of workers. This is only a problem of adopting decisions regarding a commercial development strategy that will cost, I believe, the country and the government very little."

Famania asks Thomas whether the steps to adopt these decisions are being taken. According to Thomas, they have not been consulted on this, and this is the first time he has heard about such plans. He stresses that his organization approves of all plans and projects being presented; however, they must be implemented as soon as possible. Gonzalez De La Lastra points out that these plans are currently under way.

Asked about the proposals to delay or renegotiate the departure of some bases, specifically Amador, former presidential candidate Ruben Carles argues that Panamanians must recover lost time, and no one is free from responsibilities.

PRD legislator Oyden Ortega then comments: "I believe we must make immediate decisions. In the case of reverted areas, we must incorporate part of the area based on Decree 239 of 1979, which stipulates a general plan. As long as the executive and legislative branches do not approve the general plan, this decree prevails. Therefore, ARI [Interoceanic Region Authority] authorities can implement measures to create jobs. The ARI cannot, at this time, postpone any action that implies harm to Panama, and the fact that ARI has new administrators and a new board of directors implies that the country must demand immediate measures from them. Fortunately, the effects of unemployment are not that serious at this time, because part of Gullick will revert soon, as well as Amador. However, the ARI exempted the consulting firm from drafting a land utilization plan for three major defense sites: Rodmann, Howard, and Sherman. We, in the Assembly's commission of canal matters, said that we cannot think of any option other than defense sites for those bases, exclusively for military use. Therefore, seeing a renegotiation of the bases as the final solution to the problem will not work, because we may be in the same situation in another 20 years when the bases have to close. We must recall that

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military bases are not established for economic reasons, but for military and strategic ones."

Ortega is followed by Gonzalez, who states that the number of employees adversely affected will be less than feared, and that the land involved is the most valuable in the country.

Host Famania then recalls that President Ernesto Perez Balladares this week also said that political interests must be excluded from canal affairs. He wonders why Panamanians are not taking advantage of the opportunities the canal poses and what the ruling class is doing. Carles responds that decisions are not being made, because of the costs they entail.

Famania interrupts Carles to answer a telephone call from a viewer in San Miguelito, who says there is nothing people can do if the North Americans want to leave Panama.

Famania then asks Thomas if workers fear that a renegotiation may not bring many benefits. Thomas responds that, if a renegotiation indeed takes place, workers want to continue to participate in it. When asked what the workers' proposal is, Thomas says: "We are interested in getting soft loans and advice, because we have the best mechanics and the best lathe operators. I mean that, in any technical field, we definitely have the best people working with us. Now, the fact that these companeros are good in their fields of expertise does not means that they will be good managers or that they will have the means to open a business, and even if they do have the means, we need certain types of aid and advice."

The host proceeds to ask if the business and private sectors are prepared to support workers, as Thomas mentioned earlier. Legislator Ortega responds as follows: "I believe we must guide certain measures and people. The labor sector is not the only sector the closing of the bases is adversely affecting. We have the case of the use itself of the military bases, and we have the case of the U.S. obligation to cleanse the areas that have been used as defense sites before handing them over to us, because we are finding unexploded war-like instruments and polluting substances. First, if the ARI creates a special employment data bank, we could have a profile on all those skills of workers who lose their jobs. However, since the ARI is the one that grants concessions in the reverted areas, it could negotiate with the companies that are being established here for them to assume the commitment of hiring many of these workers who qualify, according to the special employment data bank to work in these activities. These are examples of actions the private sector could carry out." Gonzalez then suggests that the three docks in Rodman Base constitute an extraordinary opportunity to create a free zone in the Pacific.

Famania asks Carles what we are missing, to which he seconds the thesis that the Pacific represents a great opportunity for the port sector, adding that the amendments to the Panama Canal Treaties allow us to reach agreements with the United States.

Next, a viewer from Chorrera wonders why the government does not want to help those employees working in the canal. Ortega proceeds to explain the compensation differences between workers who were hired before signing the Panama Canal Treaties and those who were hired thereafter. He also explains that the canal constitutes a national issue in which all sectors must be interested. In addition, Ortega maintains that certain sectors believe that the United States alone must comply with the treaties. The truth is, he adds, Panamanians must also comply with the treaties. He then moves on to list a number of articles binding the ARI to relocate personnel.

Famania turns to Carles and asks him what is missing. Carles insists Panamanians have failed to take the initiative but refuses to blame anyone; he says all Panamanians are responsible for this lack of initiative.

Surveys show that most Panamanians want the U.S. bases to stay, Famania states. Carles asserts that we must heed this concern in a gradual and partial fashion. Then, Gonzalez recalls that most Panamanians do not know these bases because they are located in restricted areas.

A viewer telephones in to ask two questions regarding the implementation of the Colon Free Zone Law and the impossibility of renegotiating the bases without renegotiating the entire Panama Canal Treaties. Carles stresses that the treaties include amendments stipulating the possibility of Panama and the United States reaching additional agreements.

In another subject, Gonzalez affirms that a U.S. congressman wants the United States to keep the Panama Canal. In this regard, Ortega affirms: "If you let me digress to the amendments, I want to say that certain amendments do not interest us and are not good for us. The clauses are valid insofar as they are compatible with the objectives of a treaty, according to the principles of the treaties. However, in the case of negotiations or renegotiations, we cannot ignore that Article 310 of the Constitution binds — not only in treaties on the canal, its adjacent area, a third set of lock, or the military bases — the legislative Assembly to approve treaties and take them to a referendum. This is how we will always have

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to comply with this constitutional proceeding regarding a new treaty. I believe, however, that we must be prudent as far as the United States expresses an effective interest. Why? Because we — I believe, regarding what Gonzalez was mentioning earlier — sometimes are afraid of the Zone. This is a reality. We are still afraid of stepping in the grass; we do not dare to ignore a no trespassing sign, even if it is a free area and even when this area is under Panamanian jurisdiction. I believe, then, that within a peremptory and prudent timeframe and depending on the knowledge on the use of the defense sites, that 60 percent will change too." [sentence as heard]

Another viewer telephones in to explain possible solutions for those workers who were laid off. Next, Famania recalls there is a general plan on the possible uses for the reverted areas. Carles maintains no more studies should be conducted because decisions must be made immediately. Meanwhile, Ortega stresses: "We agree — and I am not making a mistake here — the four of us agree that this plan must not be a detailed plan. It should be a plan flexible, general, and broad enough to be discussed and approved by the cabinet and to be discussed and approved by the Assembly. Then, whoever has to implement the plan — the ARI administration — must implement it in detail, thus guaranteeing an updated plan."

"Open Forum" concludes with final remarks by the four guests of the show. Thomas says it is time to stop thinking and start working. Ortega suggests all sectors must contribute to finding solutions, while Carles maintains Panamanians need to take advantage of time and ARI. Finally, Gonzalez emphasizes Panama's port facilities have a promising future, and Famania concludes by noting that Panamanians must keep striving to make their country a better country.

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Argentina

Economy Minister Confirms Compliance With IMF Targets

PY0206194495 Madrid EFE in Spanish 1438 GMT 1 Jun 95

[FBIS Translated Text] Paris, 1 Jun (EFE) — Economy Minister Domingo Cavallo has stated that Argentina will meet the fiscal and foreign reserves targets agreed with the IMF.

Assessing the repercussions of the Mexican financial crisis, Cavallo was optimistic about the situation in Latin America.

During a news conference in Paris, Cavallo asserted that Argentina will meet the IMF targets even if fiscal revenues have fallen short of estimates due to the reverberations of the financial crisis. He said he will explain this in more detail when he returns to Buenos Aires on 5 June.

Cavallo said he "understands" the impact of the crisis on taxpayers, adding that the government has not brought any action against them so as not to increase their tax debts.

"Once things return to normal, taxpayers will pay current taxes as well as those that they have been unable to pay over the last few months." This means tax collection will increase in the third quarter of the year.

On 2-3 June, the Argentine economy minister will participate in a meeting of bankers, politicians, and businessmen from 30 countries to analyze "the lessons derived from the Mexican crisis."

Cavallo pointed out that some lessons have been "very positive" because they proved "we have very robust exchange and monetary systems," which enabled us to "withstand the effects of the crisis" without devaluing the Argentine currency or fueling inflation.

Cavallo believes it was a "constructive" experience since the country is already working to restructure the financial system — which was necessary even before the crisis — so as to improve it "without any traumatic mechanisms."

The minister argued that Argentina can resist a crisis better than Mexico because it has generated higher levels of domestic savings and achieved greater productivity over the last four years.

Nevertheless, in countries like Chile and Colombia, the financial crisis was not particularly felt because they have achieved higher levels of domestic savings for a longer period of time, and, in the case of Chile, because of greater productivity in all sectors.

Cavallo said most Latin American countries affected by the crisis have begun to "absorb" the effects that came in its wake. He said Argentina and Brazil are "fully recovering following the initial impact."

The minister considers the prospects of recovery in Mexico to be good, "even in terms of the social impact" of this crisis, which could have political repercussions if the consequences become "unbearable."

Cavallo rejected the argument that short-term capital movement restrictions, as enforced in Chile, was the reason why that nation was less affected by the consequences of the crisis. He said his country "does not promote or demand restrictions" in this area.

Commenting on the Argentine external debt, Cavallo said most of it is long-term, which he deemed "a major difference between Mexico and Argentina." He underlined that it is very difficult in Argentina to distinguish between domestic and external debt.

The minister made it clear that the total Argentine public debt amounts to $80 billion, of which 50 percent is in the hands of foreign residents.

"Therefore, the actual external debt totals just $40 billion," which represents between 12 and 13 percent of our GDP.

Stating that "Argentina is not highly indebted abroad," he said interest payments abroad are less than 1 percent of the GDP.

Cavallo further stated that following the financial crisis, the growth rate estimated for this year will decline from 7 percent, in 1994, to 3 percent. He made it clear that investment levels are not to be modified, which means investors have not reviewed their medium- and long-term projections and see the decline in consumption as part of the business cycle.

Concluding, Cavallo proposed four measures to fight unemployment, which affects 12.2 percent of the working population of Argentina: to maintain economic growth, to reform labor laws, to adopt measures to promote the construction of homes, and to implement two training programs financed by the unemployment fund and Inter-American Development Bank loans.

Legislators, Government Reach Agreement on Patents Law

PY0206185995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1107 GMT 2 Jun 95

[FBIS Translated Text] Buenos Aires, 2 Jun (NA) — The date for the patents law to become effective, that

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is, the day local firms must start paying royalties to the owners of pharmaceutical formulas, will be reduced to five years from the law's passage. In this way the main demands of U.S. and European governments and industries have been accepted.

This point, plus another three that were also resisted by the government, are contemplated in an agreement that was arduously worked out between ruling party legislators and Finance Ministry officials last night, in a meeting that lasted over three hours.

Jorge Matzkin, Chamber of Deputies ruling party bloc leader, hurried to tell reporters that "there was concrete agreement on four points, which will be included in the draft to correct the patents law," adding that officials will give the final touches to the initiative during a new meeting at Matzkin's office on 6 June.

Matzkin and Senator Augusto Alasino announced that the date for local companies to begin paying royalties will be brought forward, and the powers of the National Institute of Invention Patents (INPI) will be cut. He said progress had been made on exceptions to patent owners' rights in specific cases affecting public health, like catastrophes or epidemics.

The agreement also includes the recognition of other countries' patents rights after one year, while the law approved by Congress recognized patents rights after two years.

Matzkin and Alasino, who were accompanied by Deputy Humberto Roggero, did not give details of INPI's functions. It is known, however, that the new agreement will eliminate the congressional commission control established by the patents law.

INPI will incorporate five members appointed by the president, who will be in charge of supervising the organization.

These members will represent the Economy Ministry, the Health and Social Action Ministry, the Social Development Secretariat, and the Science and Technology Secretariat, along with the president, who will head the organization.

Matzkin said that Economy Ministry Cabinet Chief Jose Luis Tagliaferri, who attended the meeting, took notes on the four points, which will be submitted to the government in case there are objections to clear up at the 6 June meeting.

Legislators tried to avoid answering reporters' questions with respect to who had won at the meeting. Alasino said: "We have an agreement. The meeting had positive results, and we will now wait to see what is approved on 6 June."

The approved draft has little of what was anticipated by officialist party spokesmen, who forecast that legislators were going to insist on controlling the INPI and on reducing the period after which royalties would be paid to six years.

"INPI will have less power," Deputy Roggero said, refusing to give details, because the final draft of the document correcting the patents law is not yet ready.

Officials agreed that the government will promulgate the patents law, though making clear that there "is no deadline" for doing so, because the delay is being caused by Congress' insistence on the matter, which eliminates the automatic promulgation mechanism that goes into effect if the executive branch does not promulgate the law within the 10 days established by law.

Bolivia

President Confirms High Military Command; Crisis Denied

PY0206162195 La Paz HOY in Spanish 11 May 95 p 2

[FBIS Translated Text] Following a long meeting at Government House, Defense Minister Raul Tovar reported that President Gonzalo Sanchez de Lozada has confirmed all top military command members in their posts.

ANF [Fides National Agency] reported that the defense minister was compelled to make this announcement to quash rumors circulating since last week about a crisis within the high military command.

The rumors stated that several military unit representatives asked the president to restructure the High Military Command and to appoint an active duty military chief or a retired officer to head the Defense Ministry.

These rumors stated that Joint Chief of Staff Jose Perez Reyes Ortiz would reportedly be the new defense minister.

The rumors added that current Bolivian Air Force (FAB) Commander Rafael Berzain, who was recently appointed by the Senate, would be the new Armed Forces commander.

Although these rumors have been officially denied by the government, most military chiefs and officers consulted by this newspaper "endorse" the appointment of "an Armed Forces man" as defense minister to replace economist Raul Tovar, who is a member of the Solidarity Civic Union (UCS).

Army Commander Adel Montero Cortez said: "Although countries like Ecuador have specific regulations

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that a career military officer must be appointed defense minister, this is not the case in Bolivia."

Speaking about the stability of the Armed Forces High Command, the defense minister said: "The High Military Command is fully confirmed. The president, in his capacity as captain general of the Armed Forces, must decide the future of this institution."

Public Polled on Political, Economic, Narcotics Problems

95SM0330A La Paz HOY in Spanish 26 Apr 95 pp 8-9

[FBIS Translated Text] Two-thirds of those polled believe the nation is going down the wrong road; 50 percent believe the situation is going badly; and as a corollary, 48 percent believe that Bolivia's most serious problems are economic in nature. Consequently, 40 percent want jobs so that they—and the nation—can progress, and more than two-thirds of those polled associate private enterprise with job creation.

Our country has faced many different kinds of problems and situations leading up to the first quarter of this year. These include the reforms that the government seeks to implant in various areas and the conflicts that this engenders; the intimidating U.S. pressure to eradicate coca plantings; the wage increase, which the COB [Bolivian Labor Federation] calls meager; the arrival of Luis Garcia Meza in Bolivia; and many others.

The Seamos [Drug Awareness: a prevention organization] company took to the streets to obtain the views of Bolivians on these questions and encountered an openly pessimistic attitude.

"The country is going down the wrong road," is the complaint of more than half of the Bolivians polled (67.1 percent), whereas only a mere 31.7 percent are optimistic.

The poll that reveals this data—in addition to other data that we publicize in the tables and graphs on these pages—was conducted in November and December of last year under the name of the Second Urban Public Opinion Survey of positions and perceptions with regard to the nation's problems, including those relating to coca, drugs, and the narcotics traffic. Only the data concerning certification were taken from a second poll (named "First Pulse Check [preceding two words in English] of Public Opinion") that Seamos conducted in April of this year and that dealt with the current situation.

Pessimism and Optimism

The pessimistic perceptions that are systematized in the poll identify economic problems as the principal cause of the lack of equilibrium in the lives of Bolivians. The narcotics traffic and political problems take second and third place, respectively, as the nation's principal problems.

Brazil

President Dismisses Military Attache at Embassy in London

PY0306034295 Sao Paulo AGENCIA ESTADO in Portuguese 0025 GMT 3 Jun 95

[FBIS Translated Text] Brasilia, 2 Jun (AE) — Presidential spokesman Sergio Amaral today said that Planalto Palace considers the issue concerning Colonel Armando Avolio Filho as closed. The military attache was dismissed by President Fernando Henrique Cardoso from his post at the Brazilian Embassy in London after human rights groups had accused him of having committed acts of torture during the military regime. According to Amaral, "the Army Ministry must decide" on the future of Col. Avolio.

Quercia's Victory in Sao Paulo PMDB Convention Noted

PY0306034495 Rio de Janeiro O GLOBO in Portuguese 30 May 95 p 2

[From the "Political Outlook" column by Tereza Cruvinel: "Quercia's Return"]

[FBIS Translated Text] Members of the PMDB [Brazilian Democratic Movement Party] have always known that [former PMDB presidential candidate and Sao Paulo governor] Orestes Quercia is alive, and his victory at the Sao Paulo state PMDB convention on 28 May has confronted them with this reality. Quercia also has real chances of assuming control of the PMDB national leadership. In his closing speech at the Sao Paulo convention, Quercia fully endorsed the position of the leftist parties that are opposing the constitutional reform. Thus, he attempted to influence the position of the PMDB congressional bloc and sent a clear warning that, if he wins the national leadership in September, he will lead the PMDB to join the opposition. The first PMDB reaction to Quercia's remarks will be an effort to promote a realignment behind the administration to strengthen the position of Quercia's opponents within the PMDB. There will be no salvation for them if they are against the administration. PSDB [Brazilian Social Democracy Party] members yesterday reported that the PMDB members of the Paraiba bloc — who

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voted against the administration in Congress — have already put down their rebellious position and are now determined to vote in favor of the administration on the constitutional amendment ending the state monopoly on oil. The PMDB bloc of Rio de Janeiro remains under the control of former Governor Moreira Franco. The Para bloc is led by PMDB Senate bloc leader Jader Barbalho, who is today much closer to former President Jose Sarney than to Quercia. Members of the PMDB bloc of Rio Grande do Sul continue to have free access to the PSDB camp. The only prominent ally left for Quercia would be former Governor Newton Cardoso, who controls the Minas Gerais bloc. Although Quercia has just taken control of the Sao Paulo chapter of the PMDB, he maintains pockets of support in other states that could rally around him at the September national convention.

The administration also understood the message conveyed by the 28 May convention. In this new stage in which it needs to hand out rewards to its allies, the administration must include those PMDB members who have shown loyalty, hoping that the PMDB at large would follow suit. Most PSDB members would like to have the PMDB, rather than the PFL [Liberal Front Party], as its main partner in the ruling coalition. Yet, while the PFL displays an unshakeable unity, as it did during the vote on the telecommunications amendment, the PMDB has undermined its own position by allowing 26 of its members to vote as dissidents.

Government Negotiates Modification of Labor Legislation

PY0306040195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 May 95 p A5

[Article by Beatriz Abreu]

[FBIS Translated Text] Brasilia — The government wants to modify the Constitution to eliminate the single union per labor area, the union tax, and the regulatory power of the labor courts. Instead, the government wants to enforce the Collective Work Contract. The government proposal provides for changes in Consolidated Labor Laws (CLT), in order to modernize labor relations and to put an end to the corporatism that now prevails in union activities.

The government's economic team, which is negotiating the modifications with employers, employees, and politicians, reached the following surprising conclusion: It is the employers' organizations, such as the Sao Paulo State Federation of Industries (FIESP), and the National Confederation of Industry (CNI) and its affiliated organs, that more strongly oppose the government proposal. The employers' position is not shared by the National Board for Entrepreneurial Bases (PNBE). On this subject, the PNBE opinion is close to that of the Sole Workers Center (CUT) and of some labor force sectors that support the modifications advocated by the economic team.

Plinio Sarti, secretary for labor relations of the Labor Ministry, is attending the negotiations. He has not concealed the difficulties that the government will encounter for the approval of the constitutional amendments. No date has yet been set for sending the amendments to Congress. One of the amendments will propose the modification of Article 7, which creates the union tax and which sets forth that only one union should exist in each labor area (representing a category of workers in a specific territory).

"The proposal is controversial, because it will terminate corporatism and the archaic structure of unions," Sarti says. There are even harder difficulties, because the proposal goes against existing interests, like those of judges of labor categories, who are designated by unions. These posts will be eliminated.

Furthermore, the labor courts will lose the right — set forth by the Constitution — to have a voice in salary negotiations. The economic team wants the power of labor courts restricted to adjudicating labor law cases. According to Sarti, the current structure of labor relations is such that employers and employees no longer negotiate. "The path of the courts is easier," he says. He reflected the government idea that workers walk out of negotiations because they have confidence in the decision by the courts.

Despite the fact that the goal is the reformulation of the labor legislation, President Fernando Henrique Cardoso has made it clear — in a conversation with Sao Paulo PSDB [Brazilian Social Democracy Party] leader in the Chamber of Deputies Jose Anibal — that Congress will have to take the decisive step toward modernization of labor relations in Brazil. At the Constituent Assembly of 1988, the government tried to terminate the single union per labor category and the union tax, but employer and labor lobbies defeated the project. The technicians who monitored the debates at that time confirmed that the difficulty remains the same: Employer unions do not want to give up the union tax. Many of them have already claimed — at the meetings with the economic team — that they will be unable to survive, from a financial viewpoint, if the government eliminates the tax, which is equivalent to one day of work of each member.

There is so much pressure that since 1984, the Senate has delayed the voting on Convention 87 of the Internatioanl Labor Organization (ILO), which in 1946 eliminated the single union per labor area and the union tax.

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According to the technicians, Brazil is the only country that has not yet ratified the Convention, thus preserving the 15,000 unions that survive in the country thanks to the compulsory union tax. Government technicians have said that a sort of notary public office has been created in order to preserve corporatism.

Power Balance 'Rearrangement' in Economic Team Examined

PY0206172195 Rio de Janeiro O GLOBO in Portuguese 1 Jun 95 p 22

[Article by Nelson Torreao]

[FBIS Translated Text] Brasilia — According to a high-ranking government official who has been following the work of the economists of the real since the Itamar Franco administration, the resignation of Central Bank President Persio Arida will produce a rearrangement of the power balance within the economic team. The team has lost the two main theoreticians of the Real Plan. The first one, Andre Lara Rezende, left the government at the beginning of Fernando Henrique Cardoso's term at the Finance Ministry.

BNDES [National Bank for Economic and Social Development] President Edmar Bacha might be the natural candidate to assume a leading role in the formulation of the economic policy. However, he already refused to assume the role when he declined an invitation by Cardoso to assume the post of finance minister. Pedro Malan, the president's second choice, has proven incapable of undertaking the task.

With Malan's lack of ambition for power, the trend — in the opinion of the same government source — is the growth of Planning Minister Jose Serra's influence. Serra has a lot of what Malan lacks, ambition for power, but his seat as PSDB [Brazilian Social Democracy Party] senator for Sao Paulo sets limits on his ambitions. If was not by chance that the PFL [Liberal Front Party] decided to "adopt" Malan when Serra's uninhibited performance began to increase his influence within the economic team.

The lack of leaders within the economic team partly accounts for Arida's disillusion with the government, said a source who was close to Arida in the first phase of the real. Arida was annoyed at the delay in the making of decisions, caused by internal power divisions. During the Itamar Franco administration, Fernando Henrique Cardoso was the center of economic power. However, Cardoso delegated exercise of this power to the then executive secretary Clovis Carvalho, who coordinated technical discussions. Carvalho is now at the Civilian Household, charged with other tasks.

Pedro Malan

The finance minister got rid of an assistant who is an influential and critical member of the economic team. With a prudent style, Pedro Malan reconciled political interests, while Persio Arida resisted the pressure. An example was the Treasury guarantee for the government of Sao Paulo, which was denied by the Central Bank but was directly authorized by Malan.

Gustavo Franco

Arida's main rival, Central Bank Foreign Department director Gusta[illegible]nco, will now be more comfortable in his post. [illegible]da disagreed on the exchange rate policy, and [illegible]d each other in March, when Arida and Plannin[illegible]r Jose Serra advocated the modification of the [illegible]nge bands. Acquaintances told Arida that while sp[illegible] with bankers and journalists, Franco had criticized his performance during the exchange rate crisis.

Jose Serra

Without Arida's resistance to Serra's Jose pressure for import restrictions and against the flexibility of the monetary policy, which Serra considers negative for the industrial sector, the economic policy will now be more vulnerable to political influence.

Minister Recalculates Expected Trade Balance Surplus

PY0206172295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 May 95 p B5

[Article by Aldo Renato Soares and Ania Monteiro]

[FBIS Translated Text] Industry, Commerce, and Tourism Minister Dorothea Werneck has recalculated the expected trade balance surplus for 1995, shifting from $5 billion to $2 billion, or at the very best $3 billion.

According to the minister, in the first quarter of 1995 exports grew by 6 percent with respect to the same period in 1994. Yet during that period imports — which grew by 90 percent — became the main trade balance destabilizing factor. Werneck said that after the arrival of 60,000 imported vehicles at the port of Vitoria (Espirito Santo), the trade balance will tend toward stability.

According to the minister, the official trade balance figures for May — which will reflect a deficit — will be announced in two weeks. O ESTADO reported in advance that an $800 million surplus has been estimated. The figure, however, was not confirmed by the minister. Like Finance Minister Pedro Malan, Werneck also said

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that the deficit will be increased by the imports made by Petrobras [Brazilian Petroleum Corporation] because of the oil workers' strike. However, she does not believe the strike will influence trade balance figures for June if it is lifted today or tomorrow.

According to the minister, the government has attached special attention to some sectors, like the shoe and textile sectors. Concerning the shoe sector, Werneck said the government is trying to devise mechanisms to revitalize exports, which have undergone a remarkable drop. She said that shoe exports reached $2 billion in 1993, and that in 1994 the figure dropped to $1.6 billion. A $1.2 billion export figure is expected for 1995. The minister admitted that the government is studying the imposition of import quotas "in cases of unfair competition" and the increasing of shoe import tariffs. In the case of textiles, mechanisms are being studied for protection against products originating mainly from Asia.

Werneck added that the government is working to increase the gross domestic product (GDP) by 5 percent in 1995, increase the level of domestic savings, and reduce the monthly inflation rate from 2 to 1 percent. In this regard, the minister said, deindexation is currently the most important issue.

Werneck yesterday signed an agreement transferring 720,000 reals to the Brazilian Association of Technical Standards (ABNT) through the National Institute of Metrology, Standardization, and Industrial Quality (Inmetro). With the funds, ABNT and private enterprises will represent Brazil at international forums. The minister attended the opening session of the first European Union-Mercosur [Common Market of the South] Conference, which was sponsored by Inmetro and by the European Committee for Standardization.

Colombia

Authorities Investigate Bomb Explosion at Cali Airport

PA0306044595 Mexico City NOTIMEX in Spanish 0300 GMT 3 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 2 Jun (NOTIMEX) — Colombian authorities are investigating the explosion of a bomb near the airport of the western city of Cali tonight. The explosion occurred a few minutes after Colombian President Ernesto Samper's plane had taken off from the airport.

According to the "Seven O'Clock Newscast," the bomb was aimed at the presidential aircraft in which President Samper, Defense Minister Fernando Botero, and DEA officials traveled.

The president and the U.S. officials had attended the presentation of a development program, which includes large investments in Cali. The latter is Colombia's second city and headquarters of the drug cartel with the same name, which is considered to be the world's leading drug producer.

The Radio Cadena Nacional (RCN) radio station, for its part, reported that the explosion occurred more than 2 km away from the airport and several minutes after the presidential plane left. According to RCN, the explosion was heard very strongly at the Alfonso Bonilla Aragon International Airport, located close to Cali, which is 540 km from Santa Fe de Bogota.

Police Director General Rosso Serrano, who is one of the initiators of the government's war against drugs that is centered on the search for the Cali Cartel chieftains, was also on board the presidential plane.

The source reported that the bomb had approximately 20 kg of dynamite and was possibly triggered from the Alfonso Lopez neighborhood, a low-income sector in the Palmira municipality, where the Calego Airport is located.

Monica Orduz, a Civil Aeronautics government official, denied that it was attack against the president and his retinue but did admit that the explosion had occurred in a neighborhood close to the airport.

Other media sources reported that the action had been carried out by a guerrilla commando ascribed to the Revolutionary Armed Forces of Colombia (FARC), but the report was denied by Cali Police officials.

[Hamburg DPA in Spanish at 0300 GMT on 3 June in 350-word Bogota-datelined report adds: "The president made the visit in the company of Minister Botero, Armed Forces Commander General Camilo Zuniga, Police Director General Rosso Serrano, and U.S. Ambassador to Bogota Myles Frechette."]

Samper Comments on Guerrilla Attacks, Organized Crime

PA0406040995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 3 June 95

[From the "Cripton Newscast"]

[FBIS Translated Text] President Samper today dedicated the first Immediate Attention Center of Justice in Ciudad Bolivar, Santa Fe de Bogota. According to the president, the system will revolutionize the administration of justice because it will make justice available even in the most remote areas.

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The first center of justice President Samper dedicated this morning in Santa Fe de Bogota includes a human rights' office, an ombudsman's office, a rapid deployment unit, and a family affairs' office, among others. According to Colombia's president, all of this is part of the government's pledged efforts for peace.

[Begin Samper recording] We will continue fighting against armed subversion. We are fighting and will continue fighting against organized crime, to prevent this country from falling into the hands of drug traffickers or the individuals who defy the state. [end recording]

President Samper reiterated that the government maintains its peace proposal, but the fact it has extended a hand does not mean it has an unsteady pulse.

[Begin Samper recording] The latest events and the outbreak of violence in the past few days are not the best evidence of goodwill. Nonetheless, the government maintains its resolve to find a political solution to the problem of violence. We will continue looking for a solution, because in this manner — I believe — we are interpreting what the nation wants. This does not imply, however, that we will lower our guard. [end recording]

Defense Minister Announces Counterguerrilla Operations

PA0506021495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 3 Jun 95

[Report by Ivan Dario Parra in Silvania; from the "Cripton Newscast"]

[FBIS Translated Text] National Defense Minister Fernando Botero Zea today visited the community of Silvania, Cundinamarca Department, which was attacked by guerrilla forces eight days ago. During his visit to Silvania, Defense Minister Botero said the subversives have not given clear signs of wanting to reach a peace agreement with the government. Consequently, the defense minister said, rewards will be paid for information leading to guerrilla leaders' arrests.

[Begin Botero recording] President Ernesto Samper's government has decided to establish a special fund to pay rewards for information which allows the arrest of the different guerrilla groups' leaders and commanders. [end recording]

The Defense Ministry will use regional television channels and province newspapers and radio stations to gather the necessary information to capture the guerrilla commanders.

The minister also announced the creation of a rapid deployment group and a new counterinsurgency battalion to protect Santa Fe de Bogota.

[Begin Botero recording] A rapid reaction and deployment plan has been designed to protect Santa Fe de Bogota, Cundinamarca, and municipalities surrounding the capital of the republic. A National Army counterinsurgency battalion will be mobilized, and it will operate on the outskirts of Santa Fe de Bogota. Its mission will be to protect the capital and provide more safety in the eventuality of a subversive action. [end recording]

Samper Launches National Development Plan in Cali

PA0306043795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Jun 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] On 2 June, President Ernesto Samper and many members of his closest team went to Cali, and from the capital of El Valle, he launched his government's development plan. Harold Lozada has the story:

[Lozada] With the enactment of the Social Leap Law stipulating resources exceeding 50 trillion pesos, the development of the country is divided into two parts, President Samper affirmed. He explained that, with this plan, 1.6 million jobs and more than 350,000 minibusinesses will be created.

[Begin Samper recording] The delays currently attributed to the current administration stem from — to say it clearly — countless theoretical contradictions found in a number of credits that were hurriedly granted, to which we have patiently allocated the necessary resources [words indistinct]. [end recording]

[Lozada] The head of state also said that the smooth running of the national development plan will largely depend on the tax reform submitted to Congress.

Poll Gauges Popularity of Ministers

95CA0246A Santa Fe de Bogota EL ESPECTADOR in Spanish 17 May 95 p 5A

[FBIS Translated Text] Santa Fe de Bogota—To Colombians, the holder of the political affairs portfolio, Horacio Serpa Uribe, is the star minister in the present government.

This is reflected in the results of the National Consulting Center poll contracted by EL ESPECTADOR and the CM& news report, taken to learn the image that the

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country has of the 15 cabinet ministers and the high commissioner for peace.

The four ministers with the highest percentages of popularity are: government, Horacio Serpa Uribe; environment, Cecilia Lopez Montano; national defense, Fernando Botero; and foreign affairs, Rodrigo Pardo.

The heads of the Ministries of Environment and Defense were tied in the percentage of their positive image, but Botera Zea is better known.

The fifth official with great acceptance among the citizens is the high commissioner for peace, Carlos Holmes Trujillo Garcia.

The one with the most negative image in the public's view is the education minister, Arturo Sarabia, and the least known is the agriculture minister, Antonio Hernandez; followed by the mines and energy minister, Eduardo Cock.

The poll was taken on 15 May among persons over age 18 residing in Bogota, Cali, Medellin, Barranquilla, and Bucaramanga. Stratified random sampling in households was used as a methodology. The interview technique was telephonic. Size of the sample: 1,000 persons; subject: public opinion of the ministers; and maximum sampling error: 3.1 percent.

Are you familiar with the following minister? [figures are percentages]

Minister	Yes, I am familiar with him/her	Image		
		positive	negative	not familiar with him/her
Daniel Mazuera Gomez (Foreign Trade)	46	30	15	55
Guillermo Perry Rubio (Finance)	71	48	22	30
Nestor Humberto Martinez (Justice)	63	46	17	37
Alonso Gomez Duque (Health)	62	38	24	38
Fernando Botero Zea (Defense>	86	62	25	14
Juan Gomez Martinez (Transportation)	75	47	29	25
Armando Benedetti (Communications)	59	41	18	41
Horacio Serpa Uribe (Government)	90	68	22	10
Rodrigo Marin Bernal (Development	61	40	21	39
Arturo Sarabia Beter (Education)	73	31	42	27
Eduardo Cock Londono (Mines and Energy)	46	27	18	55
Antonio Hernandez G. (Agriculture)	38	21	17	62
Maria Sol Navia (Labor)	64	39	24	37

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		Image		
Cecilia Lopez (Environment)	78	62	16	22
Rodrigo Pardo (Foreign Affairs)	65	49	16	35

Ecuador

Government Announces Corrective Economic Measures

PA0306041195 Quito Voz de los Andes in Spanish 2300 GMT 1 Jun 95

[From "The Voz Andes Newscast" — passages with quotations recorded]

[FBIS Translated Text] The Ecuadoran Government has announced a number of corrective economic measures that include increases in the rates of several basic services in order to reduce the fiscal gap of the government of conservative Sixto Duran-Ballen. Finance and Public Credit Minister Mauricio Pinto has disclosed that, among other measures, the government has eliminated the subsidy of fuels used by electric power companies. This decision will result in an increase in electricity rates.

Finance Minister Pinto has announced the new economic measures adopted by the government. These include, among other measures, the elimination of the subsidy of fuels used by electric power companies, the elimination of the subsidy on the diesel used by the shrimp, banana, and fishing sectors, cuts in current and capital expenditures, and the adjustment of electricity rates. A bill will also be sent to Congress to improve the collection of taxes:

[Pinto] "The informal sector must become formalized, because these are not sporadic jobs. I know a number of people in the informal sector who are not doing occasional work. If the informal sector does not become formalized, we will continue having an informal economy, and, therefore, we will not have development."

The minister also has confirmed the government's debt with the Ecuadoran Social Security Institute [IESS] will not be paid if there are no deep and thorough changes:

[Pinto] "The national government has a debt it will have to pay, because the government is committed to paying it.

[Unidentified reporter] "That debt is going to be [words indistinct]?

[Pinto] "No, so it can meet its obligations. Do not forget that the IESS has an obligation to its members. If it is not provided the funds for the future and if macroeconomic precautions are not taken for the future, the IESS will not be able to pay its members, to whom it has an obligation."

The finance minister has said there is no package of measures; instead, corrective measures are being adopted to close the fiscal gap."

[Pinto] "I would not talk of a package of measures. If you review this, there is no package of measures. These are corrective measures to be able to fulfill the country's successful commitment [compromiso exitoso]. They will cover the fiscal gap.

[Reporter] "[Words indistinct] the measures?

[Pinto] "If this were not so, I would not be telling you they will cover the fiscal gap. Instead, I would be saying there is a deficit. That is not so."

For the most part, the new fiscal revenues must come from the highest income sectors, and the cuts must basically be made in current expenditures. The finance minister has emphatically said there will be no salary increases in the government sector, and if there are any, they will be in keeping with what the law establishes.

Congress President Questions Measures

PA0306161795 Quito Voz de los Andes in Spanish 1700 GMT 2 Jun 95

[Report by Fausto Pena from "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Congress President Heinz Moeller has said an oversight period could begin following the conclusion of the special session in which the constitutional reforms are being discussed.

The economic measures announced by the government of President Sixto Duran-Ballen have led deputies to ask for the interpellation of several ministers, including, of course, Finance and Public Credit Minister Mauricio Pinto. The economic measures have come as a severe blow to the Ecuadoran people, the Congress president said.

[Begin recording] [Moeller] We would like to hear any explanation the minister can give us. I understand he will be asked to offer an explanation.

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[Unidentified reporter] [Words indistinct]

[Moeller] The people have rejected this and asked the government to reflect on it. We can, of course, initiate the interpellations of the ministers, although I insist that no one be allowed to bite off any minister's head. I know there are expectations, but rates will not be lowered because they are faits accomplis.

Some deputies have talked about political or ethical sanctions. That might be possible, but the problem is that it is necessary for the Executive Branch to understand the untimeliness of the measures. The measures will adversely affect the productive sector. Our country's electricity rates currently have the dubious distinction of being the most expensive in the world. We cannot understand it. We oppose the idea of approving more taxes.

[Reporter] [Words indistinct]

[Moeller] Of course. We would like to finish the discussion of the reforms, but I need to see how Congress behaves within the next few days. If first debate discussions are completed by Wednesday, I believe we could finish before 15 June. We would subsequently convene another special session, if in fact the interpellations have been made. I understand some deputies are inclined to ask the finance minister to appear before Congress to explain the reasons for the [words indistinct] energy and mines. As you know, this is not necessarily an interpellation. It could lead to an interpellation, but it does not necessarily imply it. [end recording]

This was Congress President Heinz Moeller, who said the oversight process will begin, but that unfortunately Congress cannot do anything to reduce the electricity rates — one of the measures adopted by the national government.

Unions, Organizations Reject Measures

PA0406044695 Quito Voz de los Andes in Spanish 2300 GMT 2 Jun 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran public workers and teachers unions have announced a number of protests against the increase in the basic services bills and other economic measures that the government has taken and which has triggered a storm of criticism. Juan Andrango, alternate president of the United Workers Front, FUT [title as heard] affirmed that union leaders will meet on 5 June to draft a proposal and recommend to the government the repeal of the economic measures decreed.

Although he explained that the likelihood of a national strike as a result of the economic plan has not been resolved, he asserted that demonstrations against the measures he described as brutal will be staged today, tomorrow, and every day thereafter. These actions do not include the possibility of completely halting activities; instead, they aim at expressing the widespread rejection of that unfair economic package, the FUT president added. The FUT is an organization grouping most of the country's unions.

In the meantime, the National Teachers Union, which groups Ecuador's public teachers, announced it will begin an indefinite strike on 5 June to reject the economic measures, which include the increase in electricity and telephone bills and which coincide with the increase in fuel prices. Andrango said that people cannot be treated like this with the sole objective of favoring the particular interests of the government, which will allocate these resources for current spending and to keep up foreign debt payments.

Meanwhile, Leon Febres Cordero, Guayaquil mayor and former Ecuadoran president, disclosed that the funds collected as a result of the so-called war taxes were used to pay the foreign debt. That is too serious an issue and is cause for a political trial against Finance Minister Mauricio Pinto, because national sovereignty was threatened as money allocated for defense was funneled to other uses, Andrango insisted.

While defending the economic measures, Minister Pinto said if required, he is willing to leave his post today in keeping with his acting in a responsible and honest fashion.

Luis Trujillo, National Federation of Chambers of Commerce president, described as a prank the economic measures, which have been labeled the guaguazo, in reference to the Quechua word guagua — child — because they were made public on International Children's Day. While insisting that the government must recant these measures, Trujillo pointed out that we are rejecting these measures that could trigger social instability, because the increase in public bills will have an impact on consumers and will adversely affect the competitiveness of local products vis-a-vis imported goods.

After criticizing the economic measures, the Ecuadoran Bishops Conference noted that citizens could tolerate privations better if they are guaranteed that the resources being generated are useful to consolidate structures and improve basic services. However, the deterioration of these services, he maintained, is an unfortunate indication that the resources are being used to meet the demands of the international economic institutions.

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In light of the requests many sectors have made that Energy and Mines Minister Galo Abril be dismissed from his post because of his hydrocarbon policies, Abril said he does not mind going home if Congress makes such a decision.

On 1 June, the Ecuadoran finance minister announced the economic measures, the objective of which, in his opinion, is to rebalance the fiscal deficit, estimated at approximately $580 million. These measures imply the elimination of the subsidies on the cost of gas oil for shrimp, banana, and fishing companies, as well as the subsidies on the fuels used by the electricity companies. These subsidies have a bearing on increasing production costs. The government agreed to increase energy bills by 140 percent in the country's residential areas and by 26 percent in the industrial sector. It also agreed to increase the tolls on local telephone calls by approximately 30 percent.

Rally Scheduled in Protest

PA0306161595 Quito Voz de los Andes in Spanish 1700 GMT 2 Jun 95

[Report by Fausto Pena from "The Voz Andes Newscast"]

[FBIS Translated Text] Fabian Alarcon, chairman of the National Congress Oversight Commission, has announced an investigation into charges made by former President Leon Febres Cordero, who claims that money paid by the Ecuadoran people, following the imposition of the 10 percent vehicular circulation tax, was actually used for purposes other than the payment of war expenses. Now, the finance minister will have to appear before the commission and explain the reasons behind these measures, according to Deputy Alarcon.

[Begin recording] [Alarcon] Tomorrow, there is going to be a mass rally, not only to commemorate the 100th anniversary of the Alfarist Revolution, but also to show Quito residents' opposition to the current government for having used the military conflict to stab them in the back with the economic measures it has adopted.

They are going to protest the authoritarian, arrogant position of the finance minister who in a very cold-blooded manner announced the economic measures, saying they will not adversely affect the country. Tomorrow, we are going to initiate a mobilization in the streets of Quito to encourage the public to fight the government's position, which must be rectified.

Second, as chairman of the Oversight Commission, I have announced that the commission will meet on Tuesday to review the new economic measures and to summon the finance minister to the National Congress. He cannot just show up whenever he wishes or interpret the law as he wishes. The only body that can intepret the law is the National Congress, and if he is summoned, he must appear. If he refuses to show up, or if his excuses are not satisfactory for the country, at this time we are making it known that there will be an interpellation, as already has been requested by several deputies from various parties, particularly my party, the Alfarist Radical Front.

[Unidentified reporter] You have said you will investigate the charges filed by the former president in Guayaquil.

[Alarcon] The former president has made serious accusations. He said he has evidence and knowledge that the 10 percent vehicular circulation tax was used to pay the public debt and not to pay war expenses, as the government has claimed. [end recording]

Paraguay

President Wasmosy Views Financial Scandals

PY0106185095 Asuncion NOTICIAS in Spanish 28 May 95 p 10, 11

["Exclusive" interview with President Juan Carlos Wasmosy by Celso Chavez at the presidential residence in Asuncion; date not given]

[FBIS Translated Excerpt] [Chavez] On 9 May you completed your second year as president. Do you recall your promise to achieve 50 years of development in 5 years of government? How much have we progressed and what are the negative aspects of this period?

[Wasmosy] When you run for the presidency you present a government program. At the end of last year, for the first time in the history of this country, we evaluated what each ministry did to further our goals. I am pleased to inform you that the ministers all passed the test. They had to explain why they did not fulfill 100 percent of our objectives and only managed 89 to 94 percent.

We do not realize this situation from inside, but the people from outside see the changes we are implementing. While we do not realize it, we are the makers of those changes. In democracy, everyone wants things done quickly, by yesterday, and people want to keep their freedoms. We said we would implement 50 years worth of development and I think the country, as outsiders see us, is already different.

[Chavez] You are very dynamic, but you must admit that recent reports on corruption, particularly the BCP

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[Paraguayan Central Bank] scandal, hurt your government considerably. How does it affect our international image?

[Wasmosy] Our image has been traditionally linked to contraband and to the impression that we do not operate in accordance with the conventional rules of civilized nations. This event at the Central Bank has really affected me because it will hurt the image we were trying to sell abroad. But it is not a problem developed by this government, or the previous one. This problem is very old.

[Chavez] You said the embezzlement was being handled by a "small elite group."

[Wasmosy] Yes. The problem was organized by a "small group" within the BCP. They have probably been doing it for a long time so we cannot lay all the blame on the board of directors or the Banks Superintendency.

[Chavez] When you speak about a "small elite group" do you mean that inside the bank there was an organization created for criminal purposes?

[Wasmosy] You are quite correct, yes Sir...

[Chavez] The situation is delicate, according to analysts. What can the government do to prevent the case from unpredictable consequences? There are fears of a possible intervention of financial institutions and Bancopar's lack of liquidity.

[Wasmosy] The proof that there is trust in this government is that the dollar exchange rate has not moved, there has not been any run on banks. What is more, I think citizens expect drastic sanctions, for example, to force interest rates down to real levels. Our current high interest level will never permit investments or development in industry or agriculture.

Many people say we must lower BCP compulsory deposits. When I took over we released into the market the 100 billion guaranies that belonged to the IPS [Social Security Institute] and which was deposited at the Central Bank at zero interest, but interest rates did not drop even then. This means there are imbalances in the financial system because of a bank "pool." This is what pushes interest rates up making banks always win, instead of benefiting agriculture or industrial producers.

[Chavez] Many people fear these corruption scandals will "end in nothing," [given in Guarani] as usual. Even the Church has expressed concern over this situation.

[Wasmosy] I want to be judged if I am covering someone who is suspected of doing anything wrong. One minister has already been separated from his post for the duration of the trial. I cannot prejudge whether he is guilty or innocent. The new and renovated justice system will decide that. We will respect the verdict. Besides, I have not protected any Central Bank official mentioned in the pre-trial inquiry or who is being tried. Let us trust our courts. Many people comment... that I should fire this or that official and name this or that official to replace him. My government is a careful guardian of the Constitution and the law. If our laws do not function well or our justice is slow, let us change the laws, but do not ask me to step out of the established procedure to impose justice. We must trust our system of justice. The executive branch cannot do anything except accept the inquiry result. All figures and documents have been passed to the courts.

I will take the appropriate steps when the situation so requires. One example is what happened this week (the dismissal of [Central Bank President Jacinto] Estigarribia], which was widely reported in the press.

[Chavez] You have a minister on leave in your cabinet. The situation is quite bizarre. Will you continue to support Carlos Podesta? Will he continue to be the interior minister?

[Wasmosy] I repeat. Any public official involved in something that might besmirch his image must be separated from his post — and that is what I did — until the investigation is over. We will decide what to do next after the judge rules on the case.

[Chavez] What will happen if the legal situation extends for two or three months? Will the vice minister continue to head the portfolio?

[Chavez] Activities at the ministry continue as usual. The country has not stopped because of this situation. That is what vice ministers are for.

[Chavez] There is an impression that your administration will not have time to implement all your projects under the burden of so many problems. Are you not discouraged?

[Wasmosy] Not at all. I am a fighter. I accept challenges. I like challenges, that is, I am not discouraged by them. Did you ever see me stay at home because I had a cold. Thank God I have a very strong health and willpower. I think I have satisfactory answers to deal with all these problems. [passage omitted]

[Chavez] Is this transition period the most difficult to rule?

[Wasmosy] Of course this is the most difficult presidential period. I am the first civilian president after a long period of strong governments. I must handle the Army, the Navy, and the Air Force, manage economic problems, and all the misunderstandings that existed in the

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past. And all in democracy and freedom. Do you not think this requires supernatural powers. I expect to end my mandate in democracy. There are divisions, as you have mentioned, but in democracy no one is forbidden from expressing an opinion or from forming factions which, even though they belong to the same political party and have the same purpose, choose different paths to reach their objectives. That is the wealth of democracy. [passage omitted]

Central Bank Assistance Brings System Back to Normal

PY0306030795 Asuncion NOTICIAS in Spanish 2 Jun 95 pp 22, 23

[FBIS Translated Excerpt] Our country's financial world overcame its first hurdle yesterday when calm returned to the system following three days of uncertainty. Entities that were recently subject to intervention (Bancopar [Paraguayan Commercial Bank] and Banco General) returned to normal business after receiving Paraguayan Central Bank [BCP] assistance. Operations were conducted with nervousness and some instances of deposit withdrawals.

BCP President Dionisio Coronel, following a meeting with the economic team and President Juan Carlos Wasmosy, said that the banks that experienced intervention will open for business as usual. "The financial system recovered total calm, and the macroeconomic climate has not suffered deterioration thanks to the timely corrective measures implemented recently," Coronel said.

A quick survey conducted at Bancopar and Banco General revealed that many people who usually work with these entities are more than confused, although there is admission that the announcement of the BCP subsidy prevented a massive run on deposits.

Central Bank trustees have explicit government instructions to make every effort to isolate the problem involving Bancopar and Banco General and prevent it from affecting other financial institutions. It was officially announced yesterday that no other local bank will be intervened in for the time being, although several of them are under observation and must necessarily leave the black market. [passage omitted]

Raul Cubas Grau, executive secretary of the Planning Technical Secretariat, said the population can rest calmly. "The entire financial system is under control; there are no chances of an economic destabilization, as some people have mentioned. The entire operational circuit is guaranteed, and there is no reason to worry," Cubas Grau said. [passage omitted]

Peru

Camet Views Economy, Rejects 'Subordination' to IMF

PY0306014195 Madrid EFE in Spanish 1736 GMT 2 Jun 95

[FBIS Translated Text] Lima, 2 Jun (EFE) — Peruvian Economy and Finance Minister Jorge Camet stated today that Peru "does not care about what the IMF might ask," and will do what it considers more suitable for its economic program.

While informing the congressional Budget Commission about the country's economic development, Camet also categorically rejected the possibility of Peruvian Government subordination to the IMF. He said that the IMF only "plays an auditing and advisory role."

The minister distanced himself from the IMF when commenting on a rumor that the organization had exerted pressures on the Peruvian Government to reach a primary surplus of 1.5 percent of the gross domestic product (GDP) this year.

"We do not care about what the IMF may want or ask, but about what is suitable for the country's economy," Camet said, after pointing out that the government this year intends to have a surplus of 0.5 to 0.6 percent of the GDP.

He added: "We design and decide on the goals; they are ours, and we only discuss them with the IMF, which plays an auditing and advisory role."

The minister also said that the letter of intent Peru will sign this year with the IMF "has not yet been finished, and it is still in the stage of requiring improvement." He added that the draft copy of the letter will probably be published and submitted to a debate before it is approved.

He said: "The proposal to publish it was made by the Council of Ministers, but I personally believe that it will be published, as was done last year, because it will ultimately be a public document, and it is always appropriate to submit such documents for the consideration of the citizens."

Camet later referred to the talks he held recently in the United States with the steering committee of creditor banks of Peru, and he said that those talks "are moving very slowly, and it will probably take several months to see some results."

The first talks were of a preliminary nature and have served mainly to reconcile the figures related to the Peruvian debt to the banks' figures, considering that the

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banks feel that the debt is higher than $7 billion, while Peru claims that the debt is less.

"The first round of talks was only of an informative nature on both sides. We discussed the reconciliation of figures and the analysis of our balance of payments in the medium term," the minister said.

When reporting on the economic cost of the recent war with Ecuador, Camet said that the Treasury disbursed a total of 200 million new soles — less than $100 million — additional to the Armed Forces' budget.

Camet said that the amount is real, and that the Ecuadoran government "has magnified the amount of expenditures to take advantage of the situation and to issue several laws, to increase taxes, and conduct some reforms to put the house in order."

The main Ecuadoran expenditures "were made before the armed conflict, and created the need to make some changes using war as a pretext," Camet said.

Those changes have been "insufficient," however, according to the Peruvian minister, and have brought for Ecuador "a call to attention by the IMF because it is far from the goals agreed upon with that organization."

To achieve those goals, the Ecuadoran Government "will have to increase taxes, to accelerate privatizations, and to make other important decisions," Camet concluded.

Budget Committee Chairman on Debt Reduction Negotiations

PY0306031095 Lima EXPRESO in Spanish 20 May 95 p A27

[Report by Eduardo Garcia, including interview with Budget Committee Vice President Carlos Blanco Oropeza by unidentified EXPRESO reporter; place and date not given]

[FBIS Translated Text] The Peruvian Government and creditor bank representatives started meeting in New York as of this week to negotiate an agreement on debt reduction within the framework of the Brady Plan.

Economy and Finance Minister Jorge Camet and his team of advisers comprising Jorge Peschiera, Roberto Abusada, and Jaime Pinto met in Manhattan with Citibank Vice President Andrea Bauer. This is the first time these officials have discussed the real options and requisites Peru must meet if it wants to follow the steps of countries like Ecuador and, more recently, Panama to refinance their foreign commercial debt.

Organizations like the World Bank and the IDB [Inter-American Development Bank] have committed their financial support to help with the initial cost of a debt refinancing scheme within the Brady Plan framework, but we must not forget that Peru must cover what will remain of the principal.

Does our country have enough resources to face a Brady Plan? That was the first question asked by EXPRESO at the beginning of an interview with Budget Committee Vice President Carlos Blanco Oropeza.

[EXPRESO] Does the 1995 budget contemplate resources to face debt negotiations within the Brady Plan framework?

[Blanco Oropeza] No. This year's budget does not contemplate any appropriation to service the debt with commercial banks. We will need a supplementary credit if we reach an agreement with commercial banks within the Brady Plan framework. We will naturally need to analyze the conditions for reaching such an agreement. In concrete terms, we are not contemplating any specific spending for that purpose.

[EXPRESO] Does Peru have the resources to face that type of spending?

[Blanco Oropeza] Of course we do. The country has resources derived from privatizations. We still have a rather large amount that has not been used and which could be used to make a down payment or to pay part of the debt in an arrangement permitting an overall renegotiation of the debt.

[EXPRESO] How much do we have for that purpose?

[Blanco Oropeza] I think we must have $1 billion or $1.5 billion in intangible resources.

[EXPRESO] Is it desirable for Peru to negotiate the debt within the Brady Plan framework at this time?

[Blanco Oropeza] So far the flow of capital entering the country is essentially coming from multilateral credit organizations. We have still not resolved the problem with commercial banks or suppliers. These organizations are precisely the ones offering the cheapest lines of credit to any private or public institution in need of financing for the purchase of machinery or equipment. Therefore, an agreement within the Brady Plan framework will be important, first, because it will reduce the cost of credits and second, because it will improve purchasing conditions.

From the point of view of commerce and trade, it would be extremely important for the country to solve this problems with private commercial banks and suppliers.

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Congress Ratifies Convention on Chemical Weapons

PY0306000795 Lima EL PERUANO in Spanish 20 May 95 p A3

[FBIS Translated Text] The plenary session of Congress ratified yesterday the convention that prohibits the development, production, storage, and use of chemical weapons, and advocates their destruction. This shows that Peru respects the international treaties it has signed. This is very important because Ecuador charged that our country used chemical weapons during the border conflict.

This comment was made yesterday by Oswaldo Sandoval Aguirre (NM- C90) [New Majority—Change 90), president of the Foreign Relations Committee, who noted that Ecuador never even signed the treaty.

Sandoval made this comment in reference to the remarks made on 11 May by Celiano Almeida, director of the Ecuadoran Atomic Energy Commission, who charged that "Peru used perverse arms such as chemical weapons during the undeclared war."

Sandoval said: "Peru has maintained a vanguard position in Latin America because it was one of the first countries of the region to sign the 1967 Nuclear Nonproliferation Treaty, and since 1992 it has been a leader among Latin American countries in its position in support of the indefinite extension of the treaty."

Venezuela

Caldera Defends Economic Policies

PA0406180995 Caracas Venezolana de Television Network in Spanish 1616 GMT 3 Jun 95

[Speech by Venezuelan President Rafael Caldera Rodriguez at the Second National Convergence Assembly at El Poliedro arena in Caracas; broadcast in progress; from "The News" newscast — live relay]

[FBIS Translated Text] ... to give Venezuela a government that restored honesty and probity; a government that fought against corruption, that tried through all possible means to restore the country's unity, to put the pieces back together. We are putting the pieces together, and those who do not see it this way are blind. [applause]

The struggle against corruption is difficult. It is a scourge that is rooted in all sectors of national life. But our determination to fight it is strong and, as I told the comptroller general of the Republic, the basic difference is that in the past governments tolerated or sponsored corruption and now there is a government firmly ready to fight it. [applause]

I have appointed a commissioner to oversee the public administration, and I did not pick him from the ranks of the Democratic Convergence or among my lifelong friends. I chose a qualified man from the ranks of a party whose main objective in life has been the struggle against corruption. He who has a claim to present should do so, but he must present evidence to back it up. We do not want witch-hunts. [applause]

We do not want a witch-hunt, but we are determined to get to the bottom of all pertinent investigations revealing acts of corruption, as well as the government's clear, transparent, and ethical position.

I invite all those who are spreading false rumors, all those wishing to sow doubts among Venezuelans, to come out and report corruption in a responsible manner. This will allow us to examine, analyze, and punish corruption in a relentless manner, so as to amend everything that may damage the image of this government. The government has made the struggle against corruption its ultimate goal.

We have offered Venezuela a nonpartisan government. I have formed a cabinet with qualified individuals rather than politicians. We have considered their qualifications to exercise their duties and their credentials in the fight against corruption, which is damaging the Venezuelan Administration, over their party affiliation. Just take a look at my cabinet, and you will see how there has not been throughout the history of Venezuelan democracy a less partisan cabinet. The ministries have not been distributed as power quotas among the different political forces. We have sought the most qualified individuals to serve in the government based on intrinsic reasons. There they are, facing an ill-intended campaign aimed at discrediting them, a campaign we have experienced ourselves.

Perhaps you remember that in my first government, when we were mercilessly criticized, one of the jokes they invented is that I was Tarzan because I was surrounded by animals. Arististides [name indistinct] an animal; Lorenzo Fernandez an animal [applause]. And to name one of the living, [name indistinct] Andrade an animal: the Zulia State leader in the struggle for truth and justice. And perhaps some of those who were then unjustly criticized are today members of some parties which criticize in the same fashion those who are doing tenacious, dedicated, and courageous work in public administration.

The government over which I preside is a broadly Venezuelan and national government. It is a government that had to face very difficult problems, because each minister had to begin by facing corruption within their own ministries. That corruption is many times

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protected by laws that were initially intended to protect efficient and honest officials, but now shelter and harbor those who permanently affect the collective interests. [applause]

The struggle has been difficult, but the people have supported our effort day by day. The problems of the country have not yet been resolved. No one may think or hope that we would be able to resolve such serious problems in such short time. Some of these problems are unimaginable. We have had to fight an economic crisis that started with a crisis of the financial system, the consequences of which we are still suffering.

These are the consequences from which the country will not be able to fully recover for at least a few years. In Chile's Pinochet, in the year 1982, the banking system faced a lesser crisis than the one we faced last year. Chilean banks have still not finished repaying the Central Bank of the Republic for the amounts provided in order to face that problem. Time has passed, nevertheless the aftermath of this problem is still there.

But we have truly carried out a gigantic effort; the country's support, trust, and faith is what has allowed us to face up to this situation; it has allowed us to get to the bottom of the tough situation that we have had to overcome. [applause]

But in the midst of this situation we have always found room to give preeminence to our concern for the people. We do not have money, but the housing program is being carried out with the same energy, with the same enthusiasm, with which we carried it out during our first administration. We have no money but we are [two-second break in reception] the historic program, which at one time was called the conquest of the south and today is called sustainable development for the south.

We are defending our borders, we are organizing our services, we are carrying out an in-depth educational reform — education that for so many years has been mistreated by much slander, incapacity, and mistakes. We are doing this with very little resources. We are suffering terrible inflation, and we invite all Venezuelans to struggle with solidarity against this disease that is mainly a consequence of the terrible banking crisis that we had to face last year.

We are opening horizons and are maintaining social programs and transforming them for the people's benefit. We are successfully testing the instruments of economic solidarity so that consumers can receive relief from improper price pressures. We are working and making an effort to reactivate small and medium-size businesses, which are sources of employment and a source of richness for Venezuela.

We are concerned with providing jobs for youths who are not in school and have no employment, who are on the way to a life of crime because of drugs, corruption, and poison. [applause] We are sending youths a message — a message of faith and optimism — so that they feel pride in being Venezuelans, so that they feel the emotion of building with their own efforts the fatherland's future. We are sending all Venezuelans a message of understanding, harmony, and solidarity.

Convergence was the name you selected when you chose me as your candidate for president of the republic. Convergence is the yearning of all Venezuelans; convergence is a summons for solidarity, and I say to you in this magnificent meeting today that the substance of this movement, its reason-for-being, is precisely in having open arms and a willing heart, so that all Venezuelans of good faith can join. [applause]

Together, with the tremendous struggle due to economic problems, we have had our concern for social issues close at hand. Fundabarrios [expansion unknown] has emerged as a message to the inhabitants of the poor districts in the big cities. Our social programs are a call that are more and more an obligation and in which we invite not only public institutions to participate, but nongovernmental organizations, private institutions, which have so much desire to work for the greatness of Venezuela.

This fight has been a difficult fight and a heavy fight, and it will continue to be so every day. Many media sectors have been harsh toward us. Today I want to clearly state here that I can withstand all the aggression against me, because they will not cause me to deviate from my line of action: I will not move a single finger against freedom of the press or freedom of thought. [applause]

It is not that the lies being spread around do not bother me; it is not that I do not feel just as any human being would the reactions in light of the injustice of those who make up tales, who even attempt to sow difficulties and sow antagonism within the team that is helping me struggle for the happiness of the country. Lies are being uttered, and no one is correcting them. As certain news are being spread around and as we go to the sources, they rarely accept an explanation or make a correction, even when they accept that the news were false.

There is ill will everywhere. For instance, the media has started reporting that I described as traitors to the fatherland the critics of the economy and the economic policies of the government over which I am presiding. That is a deceitful lie [sentence as heard]. I did describe as traitors to the fatherland those who attend meetings with potential foreign investors and tell them not to reinvest in Venezuela because this country is a disaster

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and because this disaster cannot be addressed and overcome. [applause]

If those who go to the United States and those who write in the economic columns of the world's major economic dailies point out Venezuela as a country in which one cannot live, as a country that lacks a future, and as a country that is heading toward failure are not traitors to the fatherland, then I do not know who can be described as a traitor to the fatherland. Critics, however, regardless of how harsh they are and regardless of how unfair they are, have all the guarantees to keep on writing and making dreadful forecasts, in light of which they will face the reality of a country that is recovering itself, that is moving forward, and that will forge its future. [applause]

Dear companeros, dear friends: You are here to respond to these campaigns. Here we know what you are feeling. You know that we are working very hard to face quite difficult problems. You know that the burden of the foreign debt, which other irresponsible governments put like a chain around Venezuela's neck, is suffocating us and is stripping us of possibilities for reacting. In view of this scourge, we are working and striving, while exalting Venezuela as a debtor that is willing to honor its commitments by seeking paths and solutions to alleviate this enormous burden that the injustice, bad administration, bad behavior, and erroneous management created and that is seriously straining the country. We are attempting to do everything that is necessary in the bosom of the government to face the fiscal deficit as a factor that is undoubtedly worsening inflation.

This is why we have to ask all groups to understand that each one of them has to make certain sacrifices and that each one of them must do its share.

We observe the demonstrations that many groups stage in the streets, and we think of what would become of them if we gave in to all the pressure they exert and if we fell into a worse fiscal deficit, prompting the inflation process to elicit consequences we would have to withstand up to unbearable limits. We have to make us understand one another, but I believe I must recall a phrase a Colombian political leader uttered: people are smarter than their leaders. People understand much better than those wise people who say [applause] ... those wise people [repeats himself] who intend that, in order to resolve the problems, we must go back to the situation in which we were in early 1994, that we must do away with the foreign exchange control to allow all dollars to flee Venezuela [applause], that we do away with the price control because it has been insufficient to contain the voraciousness of unscrupulous speculators, and that we hand the country over to them as if they were not the ones who stole Venezuela's money through banks, the government, and all the institutions in order to enjoy it in other lands. [applause]

We did not impose the foreign exchange control on a whim; we imposed it because of the need to place a tourniquet on the hemorrhage that was going to do away with all the country's resources. We did not impose the price controls just because we liked it, but because it was necessary. We limited the price control to family basket products. This price control, however, is not being respected, despite the sanctions being imposed, through repeated abuses, of which consumers are the victims.

We are willing — we have already stated it — to make these controls more flexible and to eliminate everything that could become an obstacle, but please help us by strengthening the country's economy, reactivating it, and investing in job opportunities.

I am constantly greeting at Miraflores Palace foreign investors who want to invest in Venezuela. I wish Venezuelan investors would stop looking toward foreign banks and start putting their money, their capital, and their support into the Venezuelan enterprises. It hurts me very much every time I hear another Venezuelan has sold his or her company to a foreigner. This only goes to show that foreigners have more faith in Venezuela than we do and that the Venezuelans want to take their money and enjoy it abroad. [applause]

The doors to Venezuela are open to all those bringing their intelligence, money, and technology to develop the country's potential, and there is much, much potential, thank God. Our doors are open; our laws are broad and generous; our controls recognize the investors' right to take their profits and even their capital home. We are willing to open to the world, and we have taken definitive steps toward integration. Nevertheless, this is our country and we govern it, because we are Venezuelans and we know Venezuela. We know its reality, and we will not get down on our knees and submit to foreign mandates. [applause]

This may not appeal to those who would have all of us — all of the developing nations, particularly in Latin America — kneeling before them and asking for their blessing, following orders, and turning over our potential to the voraciousness of large foreign financial organizations. The people know this. The people feel we are fighting to rescue Venezuela's dignity and to safeguard Venezuela's opportunity to take its rightful place in the international community.

We frequently welcome foreign officials at the Presidency, and we are strengthening our ties and expanding

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our trade with the true powers in this hemisphere, as well as in others. We are doing all of this on the premise that we are the ones who will decide. We are the ones. We have our own ideas, our own understanding of reality, and our own knowledge of the details, and we are seeking a fundamental goal: We want and, in turn, promote economic development. Economics and wealth, however, cannot be justified if their objective and purpose is not the people's well-being, the well-being of the individual and the Venezuelan family, which is a genuine treasure and serves as our main asset to be protected and defended. [applause]

My friends of the National Convergence party, I am certain you share this view and, therefore, this message. It is a message of friendship, fraternity, and solidarity for all of those who share these ideas with us. All of us, even those who may not have an ideological affiliation, indeed have the basic desire to tackle the problems facing Venezuela with honesty and thoughtfulness.

We are about to begin an electoral process — a regional electoral process to elect state governors, municipal mayors, and other regional and local authorities. I earnestly hope this process will be transparent, that the people will go out and vote because it is their duty, and that they realize they must defend their institutions. I guarantee the government's probity and impartiality. What we want is for the people to elect the best candidates — namely, those candidates who are willing to give their souls, lives, and hearts to the service of their communities. [applause]

It is a basic human desire that, no matter which political group nominates the candidates, they should seek to cooperate with the national government and all government branches, to undertake joint efforts, and to create an atmosphere of cooperation. If the national government, state governors, and municipal mayors are able to tackle the serious problem of public security together, greater benefits will be reaped. As long as each group acts on its own in a specific area and makes another group responsible for the results, a satisfactory solution to this serious and critical problem will not be possible.

In some states, regardless of the respective governor's political affiliation, the national, state, and municipal governments have been able to unite their forces, initiatives, and resources. In such cases, the results obtained have been immediate. However, results are not as rewarding when leaders adopt reticent, hostile, selfish, and bullheaded positions, or when the representatives of the various government branches seek to work in their own interests and to obtain recognition for personal efforts, thereby ignoring their duty to make joint efforts. The people can overcome this setback by demanding and urging candidates for governor, mayor, and other regional and municipal public offices to commit themselves, irrespective of the party that nominates them, to work together in a unified manner for the country's well-being.

Apart from that, fellow party members and friends, these past years have been a trial by fire for Venezuelan democracy. We have demonstrated that our democratic institutions are solid, and we are upholding them regardless of any misunderstanding, selfishness, and adversity. We are defending Venezuela's democratic institutions, because they have cost us dearly and because it would be very unfortunate to relive past events which have doomed us, as in the case of Sisyphus, to repeatedly undertake a task only to see our work destroyed.

However, defending our democracy depends basically on the people and their determination. You are the expression of the desire to promote and strengthen Venezuelan democracy. You are the expression of the desire to overcome the obstacles and open the prospects for economic and social development at the turn of the century. We do not only want to produce more wealth, but we want this wealth to benefit everyone, especially the poorest people — the group that needs our support, understanding, and protection the most. [applause]

This way of speaking seems to banned in other parts of the world. It seems that talking about social justice seems to be a form of heresy to many of those ruling the world. Many look upon us as an oddity because we believe — and this is stated in the Preamble of our 1961 Constitution — that the economy should be at the service of the people, and they call us regressive. They say we are regressive because we defend social justice; regressive because we defend the workers; regressive because we cannot accept the fact that the macroeconomic indexes in some countries can improve while at the same time poverty and extreme poverty increase. We oppose this, and we say it clearly, free of passion, without excess, but firmly.

This is why we are setting an example. Venezuela is seeking its own path — a broad path to walk along with the other countries of the world, while remaining aware of our own truth, our own personality, and our own sovereignty. I ask you to not falter in this struggle and to walk beside me in this conviction. This is a conviction that must guide Venezuela, our beloved fatherland, to its future destiny. [crowd shouts: "Viva Venezuela!"] [applause]

Dear party members and dear friends, we know our problems are manifold and we have no solutions yet,

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but we also know we are traveling down the right path to correct them. We have great faith in Venezuela. We have said many times before that we believe in this country, because not only does it have an abundance of natural resources, which were a gift from above, but it also has human resources — honest and good people, enterprising people who are ready to work with the right kind of encouragement.

We will continue in our struggle, and I am convinced that this message will ring in many an ear. Many will find it to be a message of happiness, renewal, enthusiasm, and optimism. For others it will be a message of condemnation. Let them hear it. Let them reflect upon Venezuela's reality and take the appropriate action to help us pull through, and not forget to do their part in the united efforts we must make.

My fellow party members, dear friends, as I have said before, Simon Bolivar, the Liberator, was in a very serious situation when Joaquin Mosquera asked him at Popayan: What are you going to do, General? Bolivar answered: Triumph. We must triumph, we are going to triumph, and we shall triumph. [applause]

Consecomercio Forecasts Higher Inflation, Lack of Supplies

PA0206211495 Caracas Venezolana de Television Network in Spanish 1550 GMT 2 Jun 95

[Report by Zaida Pereira from "The News" newscast]

[FBIS Translated Text] Today, the National Economic Council is hosting the first meeting between representatives from the executive branch and productive sectors to establish the guidelines and working agenda for the second phase of the anti-inflation pact.

Meanwhile, Consecomercio [National Council of Commerce and Services] released a study that predicted inflation will increase in the next few months and the nation will face an imminent lack of supplies.

The study noted that in the first quarter of 1995 prices rose between 30 percent and 40 percent, while a shortage of supplies is forecast in light of the fact that inventories have declined by 67 percent. There are also low expectations for future investments, according to 69 percent of the businesses surveyed. Reasons for low expectations were attributed to controls, little confidence in economic policies, and the reduction of the purchasing power.

[Begin economist Raul Angulo recording] This is very serious, because the growth of the underground economy is reflecting the increasing impoverishment of the population, a slowdown in the economy, and an imbalance within the existing economic order. [end recording]

Meanwhile, Consecomercio said, as of today, unemployment has reached 15 percent. It added that if municipal governments would lower taxes on the retail sector, businesses could increase jobs and salaries.

[Begin Consecomercio President Eliseo Sarmiento recording] In those municipalities with a high unemployment rates, we ask mayors and councilmen to reduce taxes to enable companies to increase their payrolls. [end recording]

Eliseo Sarmiento also stressed that the government was guilty of some strategic shortcomings before the signing of the anti-inflation pact, specifically regarding the subsidy bond, and he predicted that price increases will follow the signing of the letter of intent.

PDVSA Advances 60 Billion Bolivares to Government

PA0306002095 Caracas EL NACIONAL in Spanish 30 May 95 p E-10

[Report by Ana Diaz]

[FBIS Translated Text] The PDVSA [Venezuelan Petroleum Inc.] has advanced 60 billion bolivares to the government so as to compensate the 1994 fiscal deficit, thus making the 1995 oil income 880 billion bolivares instead of 940 billion.

Domestic market losses during 1995, basically due to a failure in the expected increases in the prices of fuel, such as gasoline, will amount to about 131.45 billion bolivares. Government accounts to attain the 1995 budget seem tighter and tighter, because oil fiscal participation will be seriously affected by a failure in the fulfillment of two of the three budgetary premises established in the initial calculations.

These premises were increases in domestic market prices from 3.60 to 9.87 bolivares a liter and the exchange rate calculated at 180 bolivares a dollar, which has been at 170 bolivares for five months. This means, according to oil sector sources, taking the exchange rate to 190 bolivares in one jump in order to balance out at the previously mentioned 180 bolivares.

In addition, the government will have 60 billion bolivares less fiscal income for 1995, because in order to offset last year's 730 billion bolivares fiscal deficit, the PDVSA has advanced that amount. [sentence as published] This means oil industry participation for 1995 will amount to 880 billion bolivares instead of 940 billion calculated in the nation's budget.

The only premise that has surpassed 1995 budget estimates has been export prices for Venezuelan crude and products, which averaged $15.10 a barrel up to

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21 May, surpassing the $13.50 that was budgeted. The Energy and Mines Ministry and the PDVSA forecast that the price will be about $14.50 a barrel by the end of the year, taking into account the $0.50 a barrel seasonal international price reduction between July-August.

Taking into account only the higher international oil prices is not enough for the government to balance its accounts. If it does not adjust domestic market prices and the exchange rate, the fiscal deficit will surpass the 350 billion bolivares stipulated in the 1995 budget.

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